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1.1 Introduction

The *Uniform Financial Reporting Manual* (UFRM) sets the requirements for Virginia local governments for Comparative Reporting data submitted to the Auditor of Public Accounts (APA). Section 15.2-2510 of the Code of Virginia requires all counties, cities, towns with a population of 3,500 or more, and towns operating a separate school division to submit a statement of revenues, expenditures, and other required data to the Auditor of Public Accounts annually. The UFRM should assist local governments in meeting this reporting requirement.

The UFRM has six chapters, including this introduction.

Chapter 2, Accounting and Reporting Principles, is a discussion of the accounting and reporting principles applicable to Virginia's local governments. As described in Chapter 2, local governments must follow generally accepted accounting principles as defined by the Governmental Accounting Standards Board (GASB) and by the American Institute of Certified Public Accountants.

It is important to note that for purposes of reporting financial information to the Auditor of Public Accounts for preparation of the *Comparative Report of Local Government Revenues and Expenditures* (Comparative Report), certain reporting requirements have been adopted that are not in conformity with generally accepted accounting principles. Chapter 4 discusses these special reporting requirements that meet the needs of state and local government legislative bodies and facilitate uniformity of information. They do not affect the local governments' annual financial reporting requirements, which should be in accordance with generally accepted accounting principles.

Chapter 3, Uniform System of Accounts, contains the chart of accounts recommended for use by local governments. Its use is **required** for preparation of the Comparative Report. The chart of accounts and accompanying definitions is included for revenue, expenditure, and object class. The chart of accounts does not address proprietary fund type activities, i.e., water and sewer utilities, and internal service funds.

A local government that adopts this chart of accounts for accounting purposes will find it much easier to prepare the transmittal forms described in Chapter 4. A local government using a different chart of accounts may find it necessary to reclassify certain transactions before preparing the transmittal forms.

Chapter 4, Comparative Report Transmittal Forms, provides instructions for preparation of transmittal forms submitted to the Auditor of Public Accounts for use in preparing the Comparative Report. Because of the need for comparable financial data in the Comparative Report for all local governments, preparers must properly utilize, and comply with these

instructions. The instructions are MANDATORY for the preparation of transmittal forms submitted to the Auditor of Public Accounts.

Chapter 5, Comparative Report, contains a sample, description and general information for each exhibit of the Comparative Report. The Chapter also defines key report terms and calculations for the exhibits and data.

Chapter 6, Public Employee Retirement Systems, contains the reporting and disclosure requirements for public employee retirement systems (PERS). It also includes guidance for reporting soft dollar transactions as required by Code of Virginia, §51.1-1003.

1.2 Revisions to the UFRM

This revision of the Uniform Financial Reporting Manual reflects existing requirements for preparing the Comparative Report of Local Government Revenues and Expenditures. It also includes general information on the Code of Virginia requirements for local government's financial reporting and existing professional literature at the time of issuance. However, as changes occur to the Comparative Report and Code requirements, and new accounting and auditing pronouncements emerge, the manual will need to change. The Auditor of Public Accounts will periodically review the manual to identify changes that may be required. The Auditor of Public Accounts will distribute these changes to local governments and their auditors and other known holders of the Manual.

There are no new requirements that have not been previously exposed for public comment and in place in prior years' reports. Changes made for FY2020 represent updates and clarification on current requirements, along with any new statutory requirements brought about by the 2020 General Assembly budget session. These changes are noted in [tracked changes](#) throughout the document.

The electronic format of the Uniform Financial Reporting Manual is available on the Auditor of Public Accounts web site at http://www.apa.virginia.gov/APA_Reports/manuals.aspx. ~~A printed copy of the Manual is also available upon request.~~

The Auditor of Public Accounts invites comments regarding this Manual at any time. Comments may be submitted to the address below or e-mailed to LocalGovernment@apa.virginia.gov. We will consider comments in future updates or address the issue in an Accounting and Auditing Alert.

Auditor of Public Accounts
Attn: Local Government Manager
P.O. Box 1295
Richmond, VA 23218

UNIFORM FINANCIAL REPORTING MANUAL
CHAPTER 2
Accounting and Reporting Requirements

2.1 Introduction

This chapter focuses on basic accounting and financial reporting requirements for Virginia Local Governments.

Annually, local governments must prepare financial statements in accordance with generally accepted accounting principles and obtain an audit of these financial statements. The Governmental Accounting Standards Board (GASB) is the primary standard setting body for acceptable accounting principles for state and local government entities. The GASB has issued a number of official pronouncements detailing accounting principles for a variety of situations; however, their pronouncements do not address all generally accepted accounting principles and practices that have evolved over time. There is no single source of all accounting principles considered generally accepted. In 1992, the American Institute of Certified Public Accountants (AICPA) formally recognized the GASB as the primary standard setting body for state and local governments and established a hierarchy for applying other sources of guidance. Local governments must follow the GASB standards and consider the applicability of the other accounting guidance to receive an unqualified audit report on their financial statements. It is essential for a local government to receive an unqualified audit report because many users of the financial statements, including investors, creditors, and bond underwriters, base their decisions regarding a locality's fiscal worthiness on this report.

The *Governmental Accounting, Auditing and Financial Reporting* published by the Government Finance Officers Association is another source of accounting information for governmental entities. Although not considered authoritative, the book provides professional guidance on the applications of GAAP for governments. The book contains an illustrative Comprehensive Annual Financial Report that may be useful in preparing financial statements.

The local governing body has responsibility for the fair presentation of the financial statements included in the annual financial report. Local governing officials should ensure they have finance managers and other personnel on staff with sufficient knowledge and experience to minimize the risk of non-compliance with accounting and reporting standards.

2.2 Budgets

The Code of Virginia §15.2-2503 through §15.2-2507 describe the local budget process in Virginia. Following is brief synopsis of what these code sections require, however, this is not a comprehensive list. Generally, budgets must include, at a minimum: (1) an itemized plan of all contemplated revenues, expenditures and borrowings for the ensuing year; (2) amounts appropriated during the previous year; (3) amounts expended during the previous year; (4)

amounts appropriated during the current year; and, (5) the increases or decreases in the contemplated expenditures for the ensuing year compared to the current year. Accompanying this information should be a statement of contemplated revenues, expenditures, liabilities, reserves and surplus or deficit as of the date of the budget and a balance sheet as of the close of the preceding fiscal year.

Generally, a locality should prepare its budget on the cash basis unless it has an effective accrual based accounting system. Localities having major revenue sources geared to an annual collection period, such as property taxes due once or twice a year, should prepare cash forecasts for use as a managerial tool. These forecasts should use budgetary data together with known major cash requirements, such as debt repayments, major new capital outlay programs, etc. Cash management forecasts are not part of the budget for the annual financial statements.

In the annual financial report, GASB requires that governments present certain budgetary comparison schedules for governmental funds. The budgetary comparison schedules must present both (a) the original and (b) the final appropriated budgets for the reporting period as well as (c) actual inflows, outflows, and balances, stated on the government's budgetary basis. To provide these schedules, each locality must maintain a record of the original budget and subsequent amendments to the budget. The governing body should document its budget actions in the locality's official records, and amendments must comply with §15.2-2507 of the Code of Virginia.

2.3 Reporting Entity

The GASB provides criteria for governments to determine organizations to include in their annual financial report. The primary government consists of all the organizations that make up its legal entity. All funds, organizations, institutions, agencies, departments, and officers that are not legally separate are, for financial reporting purposes, part of a primary government. Constitutional officers of the local government should be included as part of the primary government.

For financial reporting purposes, School Boards are separate entities presented as a discrete component unit in the local government's basic financial statements. If the School Board or other discretely presented component units do not issue a separate financial report, GASB requires the local government to include certain fund financial statements, and related disclosures, for the component unit in their financial report.

If the School Board or other component units issues a separate financial report, they are also required to submit copies of the report to the Auditor of Public Accounts by ~~November~~ 30 December 15.

Applicability to the Comparative Report

The primary emphasis of the Comparative Report is on the revenues, expenditures, and debt of General Government functions. Authorities, Boards, or Commissions that provide General Government services (such as Community Service Boards, School Boards or Landfill Authorities) **MUST** be included to ensure comparability of these functions across all local governments in the Report. As discussed in Chapter 4, some entities that do not meet the requirements for inclusion in the reporting entity under GASB standards may nonetheless be included in the Comparative Report. Authorities established to provide Enterprise Activity services (such as water and sewer, public mass transportation, or airport services) should be included in the Comparative Report if they meet the criteria for inclusion in the local government's Annual Financial Report. See Chapter 4 for detailed explanations of the Comparative Report transmittal forms.

2.4 Financial Reporting and Audit Requirements

Annual Financial Statements and Audit Completion

All counties, cities, towns with populations of 3,500 or more, and towns operating a separate school division, are required to file their audited financial report with the Auditor of Public Accounts by ~~November 30~~December 15 each year, in accordance with §15.2-2510 and §15.2-2511 of the Code of Virginia. The 2020 General Assembly session (Chapter 17) amended §15.2-2510 to change the locality's reporting deadline from November 30 to December 15, effective July 1, 2020. The locality should only submit its **final** audited financial report (CAFR) to the Auditor of Public Accounts in compliance with this requirement. The locality (or the auditor, if specified in the audit contract) should not submit to the APA any "draft" version of the financial report. **The Auditor of Public Accounts will only accept the final version of the audited financial report to comply with this Code requirement.**

Further, in accordance with § 15.2-2510 of the Code of Virginia the locality's submission to the Auditor of Public Accounts should include a notarized statement from the chief elected official and the chief administrative officer of the locality stating that the locality's audited financial report has been presented to the local governing body. **The local government official must submit this notarized statement to the Auditor of Public Accounts along with the submission of the final, audited financial report, or as soon as the results of the audit have been presented to the local governing body. The applicable local government official must submit this notarized statement to the Auditor of Public Accounts; this submission should not be delegated to the locality's auditor.** The APA prefers to receive an electronic submission of the notarized statement, e-mailed to localgovernment@apa.virginia.gov; the locality may also submit a printed letter via postal mail.

The locality may refer to a template statement provided by the Auditor of Public Accounts as a resource to assist in preparation of this notarized statement. This template is located on the

Auditor of Public Account's website, under the Local Government *Annual Guidelines, Manuals, and Other Procedural Documents* page, "General Information" at http://www.apa.virginia.gov/APA_Reports/guidelines.aspx.

Refer to the following link for the notarized statement template:

[http://www.apa.virginia.gov/data/download/local_government/guidelines/Locality Notarized Statement template.docx](http://www.apa.virginia.gov/data/download/local_government/guidelines/Locality_Notarized_Statement_template.docx)

The 2019 General Assembly session (Chapters 322, 361) amended §15.2-2511 of the Code of Virginia to establish specific requirements if a locality's audit is delayed. If a locality's audit is not completed as required by this statute, the locality must promptly post a statement on its website, if such website exists, with the following information:

- The required audit is pending,
- The reasons for the delay,
- The estimated date of completion.

This statement must also be made available at the next scheduled meeting of the local governing body. The locality should continue to post the statement and update accordingly until the audit is complete. A copy of the statement must also be sent to the Auditor of Public Accounts. The locality can email a copy of the audit delay statement to the APA at localgovernment@apa.virginia.gov.

Additionally, the Code of Virginia, §51.1-1003, requires each public employee retirement system (PERS) to publish an annual report that contains financial statements prepared in accordance with the standards established by the Governmental Accounting Standards Board (GASB). Chapter 6 of this manual describes the additional disclosure for public employee retirement systems.

Audit Standards and Specifications

Section 15.2-2511 of the Code of Virginia, requires that every locality contract for the performance of the annual audit not later than April 1 of each fiscal year and that the contract shall incorporate the provisions of the Audit Specifications and the date for submitting the report to the Auditor of Public Accounts. The *Specifications for Audits of Counties, Cities, and Towns* is available on the Auditor of Public Accounts website at http://www.apa.virginia.gov/APA_Reports/manuals.aspx.

Auditors' reports must include a statement that their audit complied with the Specifications. The procurement documents and contracts between local governments and their CPAs should include such a requirement.

Every locality should exercise due diligence when contracting with a public accounting firm for its annual audit. The locality should consider the quality of the public accounting firm through resources such as reviewing the American Institute of CPAs (AICPA) most recent published peer

review results of the firm. The locality can review peer review results at the following AICPA website: <https://www.aicpa.org/forthepublic/peerreviewpublicfile.html>

Additionally, the Auditor of Public Accounts publishes the quality control reports, starting with the reports published from fiscal year 2012, on the Auditor of Public Accounts' website, under the Local government page at http://www.apa.virginia.gov/APA_Reports/qcr_reports.aspx. This will allow the locality, during the contracting process, to access and review copies of recently issued Auditor of Public Accounts' quality control review reports for the CPA firms.

In accordance with Chapter 4 of the *Specifications for Audits of Counties, Cities, and Towns*, the Auditor of Public Accounts performs annual quality control reviews over a sample of the current public accounting firms who perform the audits of Cities, Counties, and Towns required to report to the Auditor of Public Accounts.

Auditors must conduct the audit in accordance with generally accepted auditing standards as promulgated by the American Institute of Certified Public Accountants. This body of literature sets forth the work, and the quality of work, which all certified public accountants must follow, whether in the private arena or the governmental sector.

Government Auditing Standards establish additional standards beyond the requirements of generally accepted auditing standards. The Comptroller General of the United States issues *Government Auditing Standards*, also called generally accepted government auditing standards (GAGAS) or the "Yellow Book." The Auditor of Public Accounts requires all audits of local governments comply with *Government Auditing Standards*, regardless of whether the local government unit receives federal assistance.

The Single Audit Act Amendments of 1996 and Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) impose additional audit requirements beyond those required by generally accepted auditing standards or *Government Auditing Standards*. The auditor should be familiar with these requirements before starting any audit.

Audit Reports and Transmittal Data

Local governments must submit either an electronic file or two printed copies of their final audited Annual Financial Reports with the report of an independent auditor to the Auditor of Public Accounts by ~~November 30~~December 15 of each year. **The Auditor of Public Accounts prefers to receive an electronic file of the local government's audited Annual Financial Report, instead of a printed copy.** In addition to the independent auditor's report on the financial statements, the Annual Financial Report must also contain reports required by *Government Auditing Standards* and the federal *Uniform Guidance* for single audits. If the local government elects to prepare a separate single audit report, they are also required to submit that to the Auditor of Public Accounts by the ~~November 30~~December 15 deadline or as

soon as the single audit report is completed and issued. **As a reminder, the Auditor of Public Accounts will only accept the locality's final audited reports.**

The locality should be aware that the Auditor of Public Accounts publishes the locality's annual financial reports on the APA website. **The report should not include any personally identifiable information or other sensitive, FOIA exempt information.**

Local governments must submit the Comparative Report Transmittal data by ~~November 30~~**December 15** of each year. This submission must come with the report of an independent auditor's review of the transmittal form. Instructions for the preparation of the transmittal forms and an example of the required auditor's report are in Chapter 4 of this manual. Timely submission of the transmittal forms is crucial to the Auditor of Public Accounts' timely review and preparation of the Comparative Report.

Management Letters

Local governments must also submit to the Auditor of Public Accounts (APA) any separately issued management comment letters received from the independent auditors. Chapter 854 of the 2019 Acts of Assembly, Item 2.E., requires that any independent auditor communication related to other internal control deficiencies and/or financial matters (not included in the audit report) that merit the attention of locality management and the governing body (commonly referred to as a management letter) must be made in the form of official, written communication; this communication cannot be made orally.

To ensure the Auditor of Public Accounts is made aware that this management letter requirement is being met, local governments should submit written confirmation of whether the independent auditor has issued a written management letter when submitting the final audited CAFR to the Auditor of Public Accounts. The local government can fulfill this requirement by stating that the independent auditor has not issued a separate management letter in an email submission when submitting the final audited CAFR to the APA. Alternatively, the local government can fulfill this requirement by stating that the independent auditor has not issued a separate management letter in an email or written letter accompanied with the submission of the required notarized statement that the audit results have been presented to the governing body. If the independent auditor has issued a written management letter, the local government must provide a copy to the Auditor of Public Accounts when submitting the final audited CAFR, or as soon as the management letter is available.

Local governments should be aware that the Auditor of Public Accounts also publishes the issued management letters on the APA website, alongside the locality's audited CAFR for the fiscal year. **The locality should ensure that any sensitive/FOIA exempt information, for example sensitive information related to an internal control weakness in information systems security, has been redacted from the written management letter submitted to the Auditor of Public Accounts.**

All electronic reports, management letters, and comparative report transmittal data should be emailed to the Auditor of Public Accounts at localgovernment@apa.virginia.gov. Refer to detailed reporting instructions in the [Reporting Requirements and Distribution](#) document available on the Auditor of Public Accounts website located at: http://www.apa.virginia.gov/APA_Reports/guidelines.aspx.

Small Town's Audit Reporting

The 2019 General Assembly session (Chapters 322, 361) amended §15.2-2511 of the Code of Virginia to require that a town with fewer than a population of 3,500, which voluntarily contracts for or performs an audit, must submit the results of such audit to the Auditor of Public Accounts upon completion of the audit. ~~This legislative amendment is effective July 1, 2019; therefore, any small town's audit completed on or after July 1, 2019, should be submitted to our office.~~ The APA refers to these towns as "small towns" in this manual.

Small towns are **not** required to follow the APA's *Specifications for Audits of Counties, Cities, and Towns* during their audit, although they may elect to do so. Additionally, the ~~November 30th~~ **December 15** reporting due date required by Code §15.2-2510 is **not** applicable to a small town that voluntarily elects to receive an audit. The small town (or auditor, if specified in the audit contract) should submit either an electronic file or one printed copy of its audit report to the APA's office. **The Auditor of Public Accounts prefers to receive an electronic file of the town's audit report, instead of a printed copy.** The electronic audit report can be emailed to the APA at localgovernment@apa.virginia.gov. If the town also receives a written management letter from the independent auditor, the town should submit a copy of the letter to the APA along with the audit report. Please refer to additional information at the **Management Letters** section above (page 2-6).

The town should be aware that the Auditor of Public Accounts publishes the locality's annual financial reports and any separately issued management letters on the APA website. The audit report (and management letter if applicable) should not include any personally identifiable information or other sensitive, FOIA exempt information. Refer to additional reporting instructions in the [Reporting Requirements and Distribution](#) document on the Auditor of Public Accounts website at: http://www.apa.virginia.gov/APA_Reports/guidelines.aspx.

Additional information is also provided in a separate resource, "Small Town Audit Reporting to the Auditor of Public Accounts" available on the APA's website at the following link. [http://www.apa.virginia.gov/data/download/local_government/guidelines/Small Towns Audit Reporting to the Auditor of Public Accounts.docx](http://www.apa.virginia.gov/data/download/local_government/guidelines/Small_Towns_Audit_Reporting_to_the_Auditor_of_Public_Accounts.docx)

2.5 Other Reporting

Stormwater Utility Reporting

In accordance with Chapter 854 of the 2019 Acts of Assembly (Item 2D), each locality establishing a utility or enacting a system of service charges to support a local stormwater

management program pursuant to § 15.2-2114, Code of Virginia, is required to provide to the Auditor of Public Accounts, by October 1 of each year, in a format specified by the Auditor of Public Accounts, a report as to each program funded by these fees and the expected nutrient and sediment reductions for each of these programs. The Auditor of Public Accounts publishes an annual report template on the Auditor of Public Account's website, under the Local Government *Annual Guidelines, Manuals, and Other Procedural Documents* page, "General Information" at http://www.apa.virginia.gov/APA_Reports/guidelines.aspx.

Refer to the following link for the report template:

http://www.apa.virginia.gov/data/download/local_government/guidelines/Locality_Stormwater_Utility_Reporting_Template.docx

The authorizing statute of the Code of Virginia § 15.2-2114 is specific to those localities that have established a qualifying stormwater **utility** program. Such stormwater utilities are a "user fee," which allows a locality to collect fees from property owners for the comprehensive management of stormwater within the locality, including such initiatives as education and outreach, storm drain marking, management of existing stormwater ponds, etc. **The stormwater utility under § 15.2-2114 is different from the fee a locality may assess as authorized under the Virginia Stormwater Management (VSMP) regulations.** The VSMP regulations enable localities to assess fees to developers to pay for the cost to the locality of conducting plan reviews and other services in the administration of their local stormwater program. Any other stormwater reporting under the VSMP regulation is managed by the Department of Environmental Quality and does not fall under the scope of this reporting to the Auditor of Public Accounts.

Reporting PPEA Agreements

Any locality or School system that participates in a PPEA agreement must follow the requirements set forth in the Public Private Education Facilities and Infrastructure Act of 2002, Chapter 22.1 of Title 56 of the Code of Virginia (§56-575.1-575.18). **As a reminder, the PPEA Act requires localities and Schools to file a copy of any PPEA agreements and supporting documents with the Auditor of Public Accounts (§56-575.18).**

The Auditor of Public Accounts houses these agreements on the Commonwealth Data Point website, located at <http://legacydatapoint.apa.virginia.gov/ppea.cfm>.

The locality or School should submit an electronic copy of the agreement with any additional supporting documents to localgovernment@apa.virginia.gov. Please ensure that all, complete documents supporting the PPEA agreement are sent to the APA. If the agreement and additional documents are too large in file size (larger than 10MB), the locality may send multiple files in more than one email, and our office will merge the files together as one document. **Please note that the APA prefers to receive an electronic copy as we are required by the Code statute to save in electronic format on the Data Point website.**

If the locality determines the need to send a printed copy of the agreement, please mail a copy to our office at the following address.

Auditor of Public Accounts/Attn: Local Government Manager
PO Box 1295, Richmond, VA 23218

UNIFORM FINANCIAL REPORTING MANUAL
CHAPTER 3
Uniform System of Accounts

3.1 Introduction

The System of Accounts in this Chapter was developed to meet the reporting requirements of the Auditor of Public Accounts. The structure is designed to meet the Comparative Report transmittal reporting requirements but may also be an effective structure for accounting and financial reporting. The System of Accounts has been structured as follows:

FUND	3 Digits	(Section 3.2)
REVENUE	7 Digits	(Sections 3.3)
EXPENDITURE-FUNCTION	7 Digits	(Sections 3.4)
EXPENDITURE-OBJECT CLASS	4 Digits	(Section 3.5)

The minimum basic structure for general government should include the components of Fund, Revenue/Expenditure, and Object Class. This system of accounts does not include program, project, and cost center accounts. Each local government should adopt and tailor these to meet its own needs.

The system of accounts presented in this chapter encompasses the ordinary governmental activities of counties, cities, and towns in Virginia. Local governments will need to modify the structure for activities they have that are not included. Also, this system does not include all accounts necessary for the accounting for enterprise funds or activities, such as depreciation.

This System of Accounts ensures the consistent summarization of revenues and expenditures into reporting categories for the Comparative Report. A locality may either adopt this system of accounts for its accounting system or develop a crosswalk from its existing system of accounts to this one. A locality not using this system of accounts must ensure that revenue and expenditure classifications meet the requirements of the comparative report.

REPORTABLE CATEGORIES FOR THE COMPARATIVE REPORT

Local governments must report the revenue detail and expenditures element accounts shown in ALL CAPS on the comparative report transmittal forms annually. The system of accounts includes descriptions of many other accounts, which local governments may include in their accounting systems.

UPDATED 11/4/20:**2020 Coronavirus Relief Funding and Related COVID-19 Eligible Expenditures:**

As noted in the May 12, 2020, memo from the Commonwealth Secretary of Finance to local government officials—in response to the federal funding provided under the *Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020*, the Commonwealth passed down approximately \$645 million— of the federal Coronavirus Relief Funding (CRF) that Virginia received to the cities and counties to provide direct assistance to Virginia local governments related to the COVID-19 pandemic during the fiscal year 2020. Cities and Counties were required to provide a signed certification to the Secretary of Finance prior to receiving its allocated share. The state’s Department of Accounts then distributed the funds on June 1, 2020. Counties were required to provide an equitable share of the CRF funds it received to each town within the county’s jurisdiction. The APA has provided specific classification and reporting guidance for the local government’s CRF funding received and related COVID-19 eligible expenditures at *Section 3.3, System of Accounts for Revenues* and *Section 3.4, System of Accounts for Expenditures*, to assist with the comparative report transmittal reporting purposes.

For the APA’s comparative report and transmittal purposes, localities should report ~~are only required to track the~~ total CRF funds received at one revenue source level as part of Federal **Non-Categorical Aid**; refer to the new line item, ~~3330900~~ —33203XX-CARES Act Coronavirus Relief Funding (CRF), at Section 3.4. **For Transmittal reporting, this revenue should be reported on Form 700, Revenue from the Federal Government: Non-Categorical Federal Aid: Other (Line 1.32.3).** Please note updated classification guidance at this section, added on **11/4/2020.**

UPDATE 11/4/2020: Based on additional deliberations later this year after initial guidance below was added in the UFRM during June 2020, the Auditor of Public Accounts further determined we would not impose an additional reporting requirement on the localities to specifically report COVID-19 expenditures separately for the Comparative Report. Accordingly, there is no requirement for localities to separately report COVID-19 related expenditures on a new, separate line item or in separate categories for comparative report transmittal purposes. **For the Form 100 Transmittal purposes, localities should report any COVID-19 related expenditures in the same manner as reporting any other applicable expenditures incurred by function and activities, as outlined in the UFRM.**

However, the locality should still consider tracking eligible COVID-19 expenditures on some level of detail in order to assist with its internally tracking of this activity for the locality’s own management reporting, along with federal Single Audit purposes. For example, it may be helpful for the locality to track expenditures at least on at an overall functional level as set out for each major expenditure function under Section 3.4. For example, at *Function 03-Public Safety* an “Other” expenditure line has been added, *4035000—COVID-19 Emergency Acts Expenditures/Coronavirus Relief Funding*, to capture any eligible expenditures that the locality

has incurred related to the various sub-activities and elements that come under Function 03, such as law enforcement, fire/rescue, correction and detention, etc.

Additionally, the locality may find it more helpful to track eligible COVID-19 expenses according to the classification and required reporting that the Virginia Department of Accounts is now requiring of subrecipient cities and counties for monitoring the Coronavirus Relief Funds Pass through funds to Localities, in order for the state to monitor and report accordingly to the federal government. The locality should directly contact the Virginia Department of Accounts, *Compliance Oversight and Federal Reporting* (ComplianceOversight@doa.virginia.gov) with any questions related to this required reporting.

For comparative report and transmittal expenditure classification purposes, localities are only required to track eligible COVID-19 expenditures at an overall functional level as set out for each major expenditure function under Section 3.4. For example, at *Function 03-Public Safety* an “Other” expenditure line has been added, *4035000—COVID-19 Emergency Acts Expenditures/Coronavirus Relief Funding*, to capture any eligible expenditures that the locality has incurred related to the various sub-activities and elements that come under Function 03, such as law enforcement, fire/rescue, correction and detention, etc. For the APA’s comparative report and transmittal purposes, the locality does not need to track and allocate expenditures at any further detailed level under the sub-activities and elements of each expenditure function; although a locality may choose to track further detail as its discretion for the locality’s own audit and reporting purposes.

3.2 **System of Accounts - Funds**

The Fund component has two levels: Type and Name of fund. The first level is one digit and represents up to nine different types of funds. The second level consists of two digits which permit up to ninety-nine individual funds within a fund type. The various types of funds and examples of individual funds within a fund type are as follows:

GENERAL FUND

The General Fund is used to account for the ordinary operations of the government financed through taxes and other revenues. The General Fund includes all government activities not accounted for in a separate fund due to legal, contractual, statutory, or financial management requirements. Generally accepted accounting principles preclude the use of more than one general fund.

SPECIAL REVENUE FUNDS

Special revenue funds should be used where legal or contractual requirements restrict the use of resources to specific purposes. Examples include state or federal grant revenues, and collections of certain taxes legally restricted as to use (for example, coal road improvement taxes.)

CAPITAL PROJECT FUNDS

Capital project funds should be established where legally mandated. They may also account for the acquisition or construction of major capital facilities when financed through bonds, intergovernmental revenues, major private donations, or special assessments. Rather than establishing separate funds for individual bond issues or projects, local governments may use sub-accounts and project codes to maintain control over individual projects and bond issues.

DEBT SERVICE FUNDS

Debt Service funds are established through legal requirements or when a bond indenture requires the maintenance of a sinking fund for the accumulation of resources to repay the bond issue. Debt Service Funds also may account for the accumulation and debt service of special assessment debt.

ENTERPRISE FUNDS

Enterprise funds should be used to account for operations supported by user charges that are financed and operated in a manner similar to private business enterprises. Enterprise funds are also appropriate where the governing body determines that public policy, management control, and accountability warrant their use. *For the comparative report, only the following activities are reported as enterprise activities:*

- Water Utilities	- Airports
- Sewer Utilities	- Hospitals
- Electric	- Nursing Homes
- Gas Utilities	- Harbors/Ports
- Parking Facilities	- Coliseums (including stadiums and arenas)
- Public Transportation	- Communication Services (including telephone, internet, and cable)
- Steam Plants	

Individual local governments may establish enterprise funds for other activities such as landfills and golf courses; however, *for the comparative report, local governments must classify all activities other than those listed above as general government.*

INTERNAL SERVICE FUNDS

Internal service funds are appropriate where service costs, including capital assets costs, are recovered through charges from user departments of the general government. Examples of internal service activities include central garages and motor pools, duplicating and printing services, data processing services, purchasing and central stores, and risk management services.

FIDUCIARY FUNDS

Fiduciary funds should be used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs. Fiduciary funds include pension trust funds, investment trust funds, private-purpose trust funds, and agency

funds. The key distinction between trust funds and agency funds is that trust funds normally are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held. Agency funds generally do not involve a formal trust agreement. Rather, agency funds are used to account for assets held for other funds, governments, or individuals in a purely custodial capacity.

PERMANENT FUNDS

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs. These programs should be for the benefit of the government or its citizens. Similar arrangements for the benefit of those outside the government (individual, private organizations, or other governments) should be accounted for as private-purpose trust funds rather than permanent funds.

An example of one possible local government fund structure is presented below:

- 100 General Fund**
- 200 Special Revenue Funds**
 - 201 Virginia Public Assistance Fund
 - 202 Federal Grants Fund
 - 203 Urban Highway Maintenance Fund
 - 204 to 299 [Other - detail as desired]
- 300 Capital Projects Funds**
 - 301 School Construction Fund
 - 302 to 399 [Other - detail as desired]
- 400 Debt Service Funds**
 - 401 to 499 [Detail by debt issue]
- 500 Enterprise Funds**
 - 501 Water Fund
 - 502 Sewer Fund
 - 503 Public Transportation Fund
 - 504 Airport Fund
 - 505 Electric Utility Fund
 - 506 Nursing Home Fund
 - 507 Coliseum Fund
 - 508 Steam Plant Fund
 - 509 Gas Utility Fund
 - 510 Local Port Fund
 - 511 Local Hospital Fund
 - 512 Parking Facilities Fund

513 Communications Fund
514 to 599 [Other - detail as desired]

600 Internal Service Funds

601 Central Motor Pool Fund
602 Duplication and Printing Services Fund
603 Data Processing Services Fund
604 Central Stores Fund
606 Risk Management Fund
607 to 699 [Other - detail as desired]

700 Fiduciary Funds

701 to 799 [Detail as desired]

800 Permanent Funds

801 to 899 [Detail as desired]

3.3 System of Accounts for Revenue

The System of Accounts separates revenues into five levels: Type, General Source, Major Source, Minor Source, and Detail Source.

TYPE: Revenues (1 digit)

GENERAL SOURCE: (1 digit)

The broadest designator of the source of revenues. The General Sources of revenue and other sources of funds are revenues: from local sources, from the Commonwealth, from the federal government, and non-revenue receipts.

MAJOR SOURCE: (1 digit)

The general category in which revenues are raised. Examples are general property taxes, other local taxes, and charges for services.

MINOR SOURCE: (2 digits)

The specific types of revenue. Examples are real property taxes, personal property taxes, business license taxes, and charges for sanitation and waste removal.

DETAIL SOURCE: (2 digits)

The unique types of revenue. Examples are land redemptions, mobile home taxes, retail sales taxes, business license taxes, and street sanitation charges.

An illustration of the revenue account code structure (for Building permits - account # 3130308) is diagrammed below:

Type**3 - Revenue**

4 - Expenditures

General Source**1 - Local**

2 - State

3 - Federal

4 - Non-Revenue

Major Source

1 - General Property Taxes

2 - Other Local Taxes

3 - Permits, Privilege Fees**& Regulatory Licenses**

4 - Fines & Forfeitures

Minor Source

01 - Animal Licenses

02 - Bear/Deer Damage Stamps

03 - Permits/Other Licenses**Detail Source**

01 - Abandoned vehicle permits

02 - Bicycle permits

03 - On-Street parking permits

08 - Building Permits

30 - Wetland application fee

Revenue Coding System

This section contains detailed descriptions and a coding system for the revenue accounts. *For the Comparative Report, local governments must report detail revenue accounts identified in ALL CAPS. Other revenue accounts are reported in summary on transmittal forms.* Accounts marked with an asterisk (*) represent accounts that may be maintained for delinquent taxes.

REVENUE FROM LOCAL SOURCES

MAJOR SOURCE: 311XXXX - GENERAL PROPERTY TAXES - Includes all revenues due for the fiscal year from general property taxes. Penalties and interest collected on all property taxes are reported separately.

31101XX	REAL PROPERTY TAXES - Includes land redemptions. Excludes real property taxes collected from public service corporations. Report the gross amount assessed on property owned by the elderly or handicapped as a revenue, and, property tax relief for the elderly or handicapped as an expenditure under Income Support Benefits/Social Services. (§58.1-3200, Code of Virginia)
3110101	Current Taxes
3110102	Delinquent Taxes
3110103	Land redemptions - Include penalties and interest by those localities distinguishing land redemptions.
3110104 to 3110199	[Other - detail as desired]
31102XX	REAL AND PERSONAL PUBLIC SERVICE CORPORATION PROPERTY TAXES - Public service corporations include all privately owned "gas, pipeline, electric light, heat, power and water supply companies, sewer companies, telephone companies, telegraph companies, and all persons authorized to transport passengers or property as a common carrier." (§58.1-2600, Code of Virginia.)
3110201	Current Taxes on Real Property
3110202	Delinquent Taxes on Real Property
3110203	Current Taxes on Personal Property
3110204	Delinquent Taxes on Personal Property
3110205 to 3110299	[Other - detail as desired]
31103XX	PERSONAL PROPERTY TAXES - Excludes the personal property taxes collected from public service corporations. Personal property taxes include farm tools, machinery and livestock, and mobile homes, but are reported separately for the Comparative Report. (§58.1-3008, Code of Virginia.)
3110301	Current Taxes
3110302	Delinquent Taxes
3110303 to 3110399	[Other - detail as desired]
31104XX	MACHINERY AND TOOLS TAXES - Revenue collected by the local government from levies on machinery and tools. (§58.1-3507, Code of Virginia.)
3110401	Current Taxes
3110402	Delinquent Taxes
3110403 to 3110499	[Other - detail as desired]
31105XX	MERCHANTS' CAPITAL TAXES - Revenue collected from taxes on merchants' capital. Merchants' capital includes inventory of stock on hand, daily rental vehicles, and all other taxable personal property, except money on hand and on deposit, and tangible personal property not offered for sale as merchandise. (§58.1-3510, Code of Virginia.)
3110501	Current Taxes
3110502	Delinquent Taxes

3110503 to 3110599 [Detail as desired]

31106XX Penalties and Interest
 3110601 PENALTIES - All Property Taxes
 3110602 INTEREST - All Property Taxes
 3110603 to 3110699 [Other - detail as desired]

MAJOR SOURCE: 312XXXX - OTHER LOCAL TAXES - Includes revenue received by the local government on each local tax listed below.

31201XX LOCAL SALES AND USE TAXES - Revenue received by the local government from local sales and use taxes. Report the portion of sales tax distributed to localities on the basis of school age population as Revenue from the Commonwealth. Counties report local sales taxes net of any revenue that is remitted to towns. (*§58.1-600 through §58.1-639, Code of Virginia.*) Report the revenue collected from the Virginia Department of Motor Vehicles (DMV) that is distributed back to the locality for the local portion of ATV and moped motor vehicle sales and use tax (*§58.1-2425*).

NOTE: Legislation effective during FY2019, only changed the collection point for DMV to now collect the moped/ATV motor vehicle sales and use tax at the time of registration; the locality's reporting of this tax is the same as the retail sales and use tax it replaced. Accordingly, the moped/ATV tax revenue should be reported as local revenue along with the local sales and use tax.

3120101 to 3120199 [Detail as desired]

31202XX CONSUMER UTILITY TAXES - Taxes collected by utility companies and remitted to the local government from residential, industrial and commercial users of gas, water, and electric services. (*§58.1-3814 through §58.1-3816, Code of Virginia.*)

3120201 Electric, gas

3120202 Water & sewer

3120203 to 3120299 [Other - detail as desired]

31203XX BUSINESS LICENSE TAXES - Revenues collected from businesses, professions and occupations for a license tax. (*§58.1-3700 through §58.1-3735, Code of Virginia.*) Report license taxes paid by public service corporations as franchise license taxes. Types of revenues include:

3120301 Contractor

3120302 Retail Sales

3120303 Financial, Real Estate, and Professional Services

3120304 Repairs, Personal, and Business Services

3120305 Wholesale Sales

3120306 to 3120399 [Other - detail as desired]

31204XX	FRANCHISE LICENSE TAXES - Taxes collected from the public service corporation as a utility license tax. (<i>§58.1-2620 through §58.1-2635</i> , Code of Virginia.) 3120401 Public service corporations 3120402 to 3120499 [Other - detail as desired]
31205XX	MOTOR VEHICLE LICENSES - (<i>§46.2-600 through §46.2-756</i> , Code of Virginia.) 3120501 to 3120599 [Detail as desired]
31206XX	BANK STOCK TAXES - Locally derived revenue collected from the bank stock tax. (<i>§58.1-1200 through §58.1-1217</i> , Code of Virginia.) 3120601 to 3120699 [Detail as desired]
31207XX	TAXES ON RECORDATION AND WILLS - Revenues collected by the Clerk of the Circuit Court and remitted to the local government. Types of taxes include: 3120701 Recordation Taxes - Local tax levied on the admission to record of deeds, deeds of trust, mortgages, leases and contracts. (<i>§58.1-800 through §58.1-814</i> , Code of Virginia.) The state tax imposed on deeds by <i>§58.1-802</i> , Code of Virginia, one-half of which is shared with localities, is reported as Revenue from the Commonwealth, Non-Categorical. Taxes returned under <i>§58.1-816</i> , Code of Virginia are reported as Revenue from the Commonwealth, Categorical. 3120702 Tax on Wills - The local tax on the probate of wills and grants of administration. (<i>§58.1-1711 through §58.1-1718</i> , Code of Virginia; also <i>§58.1-3805</i> .) 3120703 to 3120799 [Other - detail as desired]
31208XX	CIGARETTE TAXES (<i>§58.1-3830 through §58.1-3832</i> , Code of Virginia)
31209XX	ADMISSION TAXES - Includes admissions charged for entry into museums, botanical or similar gardens, and zoos, and admissions charged to participants in order to participate in sporting events. (<i>§58.1-3817 through §58.1-3818.02</i> , Code of Virginia.)
31210XX	HOTEL AND MOTEL ROOM TAXES - also referred to as Transient Occupancy Taxes or Transient Lodging Taxes; (<i>§58.1-3819 through §58.1-3826</i> , Code of Virginia.)
31211XX	RESTAURANT FOOD TAXES - also referred to as Meal Taxes or Prepared Food Taxes; (<i>§58.1-3833</i> , Code of Virginia.)

31213XX	COAL, OIL, AND GAS SEVERANCE TAXES – Revenue from license tax on those that sever coal, oil, or gases from the earth. (<i>§58.1-3712 through §58.1-3712.1</i> , Code of Virginia.)
31214XX	COAL ROAD IMPROVEMENT TAXES - (<i>§58.1-3713</i> , Code of Virginia.)
31215XX	VIRGINIA COALFIELD ECONOMIC DEVELOPMENT AUTHORITY TAXES (<i>§58.1-3713</i> , Code of Virginia.)
31217XX	FUEL TAXES (<i>§58.1-1720</i> , Code of Virginia.)
31218XX	OTHER LOCAL TAXES 3121801 to 3121899 [Detail as desired]

MAJOR SOURCE: 313XXXX - PERMITS, PRIVILEGE FEES AND REGULATORY LICENSES -
Includes revenues collected by the local government from the following sources.

31301XX	ANIMAL LICENSES- Revenue collected for animal licenses (e.g., dog tags). 3130101 to 3130199 [Detail as desired]																		
31302XX	BEAR AND DEER DAMAGE STAMPS (<i>§29.1-352 through §29.1-355</i> , Code of Virginia.) 3130201 to 3130299 [Detail as desired]																		
31303XX	PERMITS AND OTHER LICENSES - Revenues collected from permits and privilege fees required by the local government. In some instances, the revenue from the permit is intended to partially offset the cost of inspections which are provided by the local government after the permit is obtained. Although a service (e.g., an inspection) may be provided subsequent to obtaining a permit, the permit and resulting inspection are mandatory and therefore classified in this source rather than in Charges for Services. Types of permits include: <table> <tr> <td>3130301</td><td>Abandoned Vehicle Permits</td></tr> <tr> <td>3130302</td><td>Bicycle Permits</td></tr> <tr> <td>3130303</td><td>On Street Parking Permits</td></tr> <tr> <td>3130304</td><td>Land Use Application Fees</td></tr> <tr> <td>3130305</td><td>Transfer Fees</td></tr> <tr> <td>3130306</td><td>Zoning Advertising Fees</td></tr> <tr> <td>3130307</td><td>Zoning and Subdivision Permits</td></tr> <tr> <td>3130308</td><td>Building Permits</td></tr> <tr> <td>3130309</td><td>Building Inspection Fees</td></tr> </table>	3130301	Abandoned Vehicle Permits	3130302	Bicycle Permits	3130303	On Street Parking Permits	3130304	Land Use Application Fees	3130305	Transfer Fees	3130306	Zoning Advertising Fees	3130307	Zoning and Subdivision Permits	3130308	Building Permits	3130309	Building Inspection Fees
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3130307	Zoning and Subdivision Permits																		
3130308	Building Permits																		
3130309	Building Inspection Fees																		

3130310	Electrical Permits
3130311	Electrical Inspection Fees
3130312	Plumbing Permits
3130313	Plumbing Inspection Fees
3130314	Mechanical Permits
3130315	Elevator Inspection Fees
3130316	Boiler Inspection Fees
3130317	Weights and Measures Inspection Fees
3130318	Septic Tank Permits
3130319	Sign Permits and Inspection Fees
3130320	Highway and Driveway Permits
3130321	Excess Size and Weight Permits
3130322	Utility Pole Permits
3130323	Occupancy Permits
3130324	Erosion and Sediment Control Permits
3130325	Refuse Disposal Permits
3130326	Burial Permits
3130327	Solicitor Permits
3130328	Weapons Permits
3130329	Examination Fees (Electricians, Plumbers, etc.)
3130330	Wetlands Application Fees
3130331	Tobacco License (Wholesale and retail)
3130332	Landfill Host Fees
3130333	Stormwater Management Permits
3130334 to 3130399	[Other - detail as desired]

MAJOR SOURCE: 314XXXX - FINES AND FORFEITURES

31401XX FINES AND FORFEITURES - Revenues collected by the local government for court fines, parking fines and forfeitures as a result of violations of local ordinances and regulations. Library fines are not included here but are reported under Charges for Services.

3140101 Court Fines and Forfeitures

3140102 Parking Fines

3140103 to 3140199 [Other - detail as desired]

MAJOR SOURCE: 315XXXX - REVENUE FROM USE OF MONEY AND PROPERTY

31501XX REVENUE FROM USE OF MONEY - Revenues earned by the local government from investment of funds.

3150101 Interest on Bank Deposits

3150102 Interest on Investments

3150103 Dividends on Investments

	3150104	Gain on Sale of Investments
	3150105 to 3150199	[Other - detail as desired]
31502XX	REVENUE FROM USE OF PROPERTY - Revenues collected by the local government from the rental of property except for proceeds from the rental of school textbooks which are accounted for under Charges for Services. Types of revenue from use of property include:	
	3150201	Rental of General Property
	3150202	Rental of Recreational Properties and Facilities
	3150203	Concession Rentals and Commissions
	3150204	Rental of Buses for Special Purposes
	3150205 to 3150299	[Other - detail as desired]
MAJOR SOURCE:	316XXXX - CHARGES FOR SERVICES - Includes revenues collected from charges for services exclusive of revenues for enterprise type activities (e.g., water and sewer charges). The following sources are structured so that the Charges for Services can be reflected in the Comparative Report according to the activity from which such revenue was generated. For example, revenues received from swimming pools and golf course fees are reported with the expenditures for Parks and Recreation.	
31601XX	COURT COSTS - Revenue remitted to the local government in the following areas:	
	3160101	FEES OF THE CLERK OF THE CIRCUIT COURT - Fees collected by the Clerk of the Circuit Court for the local government. This account is applicable only in localities that pay the salaries and expenses of the Clerk's Office from the General Fund of the local government.
	3160102	EXCESS FEES OF CLERKS - Revenues collected by the Clerk of the Circuit Court and returned by the state to the local government because they were in excess of that needed to operate the Clerk's Office.
	3160103	SHERIFF'S FEES - Revenues collected by the Sheriff's Department for serving court papers.
	3160104	Law Library Fees (§42.1-70, Code of Virginia.)
	3160105	DNA Analysis Fees (§19.2-310.2, Code of Virginia)
	3160106	Local Criminal Justice Academy Fee (§9.1-106, Code of Virginia)
	3160107 to 3160199	[Other - detail as desired]
31602XX	COMMONWEALTH'S ATTORNEY FEES - Revenues collected by the Commonwealth's Attorney Office and remitted to the local government.	
	3160201 to 3160299	[Detail as desired]

31603XX	CHARGES FOR LAW ENFORCEMENT AND TRAFFIC CONTROL - Revenues collected for charges related to law enforcement including entrance and service charges, charges for impounded vehicle storage, and lock-up fees. 3160301 Lock-up Fees 3160302 to 3160399 [Other - detail as desired]
31604XX	CHARGES FOR FIRE AND RESCUE SERVICES - Revenues collected for special fire services, the removal of fire hazards and similar charges. 3160401 Fire Protection Services 3160402 Ambulance and Rescue Services 3160403 to 3160499 [Other - detail as desired]
31605XX	CHARGES FOR CORRECTION AND DETENTION - Revenues collected for charges related to correction and detention. Payments from the state, federal government, and other localities for housing prisoners are reported as recovered costs. 3160501 Weekend Jail Time Fee (§53.1-131.1, Code of Virginia) 3160502 Jail Processing Fee (§15.2-1613.1, Code of Virginia) 3160503 Home/Electronic incarceration Fee (§53.1-131.2, Code of Virginia) 3160504 Prisoner Room and Board Fee (§53.1-131.3, Code of Virginia) 3160505 to 3160599 [Detail as desired]
31606XX	CHARGES FOR OTHER PROTECTION - Revenues collected for charges related to animal protection (e.g., room and board for animals, sale of animals). 3160601 Animal Protection 3160602 to 3160699 [Other - detail as desired]
31607XX	CHARGES FOR MAINTENANCE OF HIGHWAYS, STREETS, BRIDGES, AND SIDEWALKS - Revenue collected for charges related to highways, streets, and sidewalk maintenance. Includes: 3160701 Street Lights - (charges for installation and maintenance) 3160702 Street and Sidewalk Assessments 3160703 Parking Meters and Lot Charges 3160704 to 3160799 [Other - detail as desired]
31608XX	CHARGES FOR SANITATION AND WASTE REMOVAL - Charges related to sanitation and waste removal, exclusive of charges for water and sewer services. Includes: 3160801 Street Sanitation Charges 3160802 Waste Collection and Disposal Charges, includes landfill charges

	3160803	Weed Cutting Charges
	3160804	Leaf Collection Charges
	3160805 to 3160899	[Other - detail as desired]
31609XX		CHARGES FOR HEALTH
	3160901 to 3160999	[Detail as desired]
31610XX		CHARGES FOR BEHAVIORAL HEALTH AND DEVELOPMENTAL SERVICES -
		Revenues collected by the local government for charges related to mental health and other behavioral services, substance abuse services, and developmental services (i.e.: intellectual and physical disabilities).
	3161001 to 3161099	[Detail as desired]
31611XX		CHARGES FOR INCOME SUPPORT BENEFITS/SOCIAL SERVICES
	3161101 to 3161199	[Detail as desired]
31612XX		CHARGES FOR PARKS AND RECREATION - Includes revenue collected for participant recreation. Includes:
	3161201	Recreation Fees
	3161202	Swimming Pool Fees
	3161203	Golf Fees
	3161204	Marina and Boat Landing Fees
	3161205	Cemetery Services (other than fiduciary)
	3161206 to 3161299	[Other - detail as desired]
31613XX		CHARGES FOR CULTURAL ENRICHMENT - Admission fees for such facilities as museums, galleries, zoos, and botanical gardens.
	3161301	Admission Charges
	3161302 to 3161399	[Other - detail as desired]
31614XX		CHARGES FOR LIBRARY - Revenues from library fees and fines.
	3161401	Library Fees and Fines
	3161402 to 3161499	[Other - detail as desired]
31615XX		CHARGES FOR PLANNING AND COMMUNITY DEVELOPMENT - Charges for publications, maps, plats, surveys and other similar charges.
	3161501	Sale of Maps, Plats, Surveys, etc.
	3161502	Sale of Publications
	3161503 to 3161599	[Other - Detail as desired]
31616XX		CHARGES FOR ENVIRONMENTAL MANAGEMENT
	3161601 to 3161699	[Detail as desired]

31617XX	CHARGES FOR COOPERATIVE EXTENSION PROGRAM 3161701 to 3161799 [Detail as desired]
31618XX	CHARGES FOR EDUCATION - Revenue collected by the local government for charges related to education. Includes: 3161801 Tuition from Private Sources 3161802 Special Fees from Pupils 3161803 Sale and Rental of Textbooks 3161804 School Food Service 3161805 Transportation of Pupils 3161806 Tuition from Private Sources - Adult 3161807 Tuition from Private Sources - Summer School 3161808 to 3161899 [Other - detail as desired]
MAJOR SOURCE:	318XXXX - MISCELLANEOUS REVENUE - Includes revenues collected by the local government from the following sources:
31801XX	PAYMENTS IN LIEU OF TAXES FROM ENTERPRISE ACTIVITIES - Payments in lieu of taxes required from enterprise activities. 3180101 to 3180199 [Detail as desired]
31802XX	ANNEXATION PAYMENTS FOR LOSS OF NET TAX REVENUE 3180201 to 3180299 [Detail as desired]
31803XX	Expenditure Refunds (Suspense Account) - These accounts may be used to accumulate expenditure refunds and rebates; however, such receipts should be netted against expenditures for financial reporting. 3180301 Refunds - Gasoline Tax - School Bus Operation 3180302 Rebates and Refunds - Other Motor Vehicles 3180303 to 3180399 [Other - detail by expenditures]
31804XX	INTER-LOCAL GOVERNMENT REVENUE SHARING AGREEMENTS
31899XX	Miscellaneous - Revenue collected by the local government that is not classified in any other revenue accounts. 3189901 Primary Fees - Each candidate for office at any primary is required to pay a fee in filing a declaration of candidacy. (§24.2-523, Code of Virginia.) 3189902 Payments in Lieu of Taxes (Service charges) from Other Localities and Entities 3189903 Gifts and Donations - Private Sources 3189904 Sale of Supplies 3189905 Sale of Salvage and Surplus Property 3189906 Sale of Real Estate - recurring (e.g.- cemetery lots, industrial development parks) 3189907 Sale of School Buses 3189908 Sale of Equipment

3189909	Insurance Adjustments
3189910	Real Estate Taxes Shared by a County with a Town - In instances where a county agrees to share certain revenues with a town in order to dissuade annexation proceedings, such revenues should be classified as miscellaneous revenues by the town.
3189911 to 3189999	[Other - detail as desired]

MAJOR SOURCE: 319XXXX - RECOVERED COSTS

31901XX	Tuition or other payments from another county or city, regardless of whether it is in Virginia or another state.
3190101	Tuition from another county or city
3190102	Other payments from another county or city
31902XX	Recovered Costs
3190201	Payments for housing state and federal prisoners
3190202	Local Jails (Treatment Personnel)
3190203	Reimbursement for extradition of prisoners
3190204 to 3190199	[Other - detail by Expenditure Activity]

REVENUE FROM THE COMMONWEALTH

Revenues from the Commonwealth are classified as payments in lieu of taxes, non-categorical aid, revenue for shared expenses, and categorical aid. Federal funds received from the state (pass-thru funds) should be classified as REVENUE FROM THE FEDERAL GOVERNMENT. Reimbursements for local government expenditures on the state's behalf (e.g., housing state prisoners in local jails and treatment personnel) are handled as Recovered Costs and are therefore not reported here. Refunds from the state (e.g., refunds from the Health Department for local money not spent) should be treated as an adjustment to expenditures and therefore not reported here.

MAJOR SOURCE: 321XXXX - PAYMENTS IN LIEU OF TAXES - Includes revenues collected from the state for service charges (e.g., payments in lieu of property taxes). (*§58.1-3400 through §58.1-3407, Code of Virginia.*)

32101XX	Service Charges
3210101 to 3210199	[Detail as desired]

MAJOR SOURCE: 322XXXX - NON-CATEGORICAL AID - Includes revenues which are raised by the state and shared with the local government. The use of

such revenues is at the discretion of the local government. Sources include:

- 3220102 WINE TAXES (§4.1-235, Code of Virginia.) Counties should report this revenue source net of any revenue remitted to towns with a separate school division.
- 3220103 MOTOR VEHICLE CARRIERS' TAXES - also known as Rolling Stock Tax; (§58.1-2652 through §58.1-2659, Code of Virginia.)
- 3220104 MOBILE HOME TITLING TAXES - (§58.1-3520 through §58.1-3521, Code of Virginia.)
- 3220105 TAX ON DEEDS - The tax imposed by §58.1-802, Code of Virginia on deeds and shared with the locality. Also referred to as grantor's tax. This does not include the amounts returned to localities under §58.1-816, Code of Virginia. These amounts are reported as Categorical Aid.
- 3220106 INDIRECT COSTS
- 3220107 RAILROAD ROLLING STOCK TAXES - (§58.1-2658.1, Code of Virginia.)
- 3220109 PERSONAL PROPERTY TAX REIMBURSEMENT – (§58.1-3523 through §58.1-3536, Code of Virginia)
- 3220110 Auto Rental Tax – (§58.1-2402 and §58.1-2425, Code of Virginia)
- 3220120 Reduction in State Aid to Local Governments – localities that elect to reimburse the Commonwealth in aggregate or in part for their share of the reduction should report as negative non-categorical state aid. (2008 budget bill)
- 3220130 Communication Sales and Use Tax (§58.1-662, Code of Virginia.) (Note – effective FY 2010)
- 32201XX to 3220199 [Other - detail as desired]

NOTE: Effective FY 2008 the Assistance to Localities with Police Departments revenue moved to categorical aid because localities are required to use funding for local public safety services.

MAJOR SOURCE: 323XXXX - SHARED EXPENSES (CATEGORICAL) - Includes revenues collected from the Commonwealth for the state's share of expenditures in activities that are considered to be a state/local responsibility in the Comparative Report. Revenue from each source is shown in the activity that it benefits.

- 32301XX COMMONWEALTH'S ATTORNEY
- 32302XX SHERIFF
- 32303XX COMMISSIONER OF REVENUE

32304XX	TREASURER - Includes moneys collected from the state for the Director of Finance in those localities not having a Treasurer or Commissioner of Revenue, or both.
32305XX	MEDICAL EXAMINER
32306XX	REGISTRAR/ELECTORAL BOARDS
32307XX	CLERK OF THE CIRCUIT COURT

MAJOR SOURCE: **324XXXX - CATEGORICAL AID** - Includes revenues received from and designated by the Commonwealth for a specific use by the local government. Such revenues are usually received on a reimbursable basis from the state. Revenue that originated at the federal level but was disbursed to local governments by the state should be classified as federal aid and accounted for as such in the annual financial reports and Comparative Report.

32401XX	PUBLIC SAFETY
3240101	Criminal Justice Services Grant for Law Enforcement
3240102	Juvenile Detention Homes
3240103	Assistance to Localities Operating Police Departments ("HB 599 funds" and §9.1-169, Code of Virginia)
3240104	Spay and Neuter – sterilization program from tax refunds
32401XX to 3240199	[Other - detail as desired]
32402XX	FIRE AND RESCUE SERVICES
3240201	Distribution of Fire Program Funds
3240202 to 3240299	[Other - detail as desired]
32403XX	PUBLIC WORKS
3240301	Street and Highway Maintenance
3240302	Litter Control
3240303 to 3240399	[Other - detail as desired]
32404XX	HEALTH
3240401	Financial Assistance for Health Promotion
3240402 to 3240499	[Other - detail as desired]
32405XX	BEHAVIORAL HEALTH AND DEVELOPMENTAL SERVICES
3240501	Financial Assistance for Mental & Behavioral Health Services
3240502	Financial Assistance for Developmental Services
3240503	Financial Assistance for Substance Abuse Services
3240504	Community Services Board
3240505 to 3240599	[Other - detail as desired]

32406XX	INCOME SUPPORT BENEFITS AND SOCIAL SERVICES
3240601	State and Local Hospitalization
3240602	Public Assistance and Income Support Benefits Administration
3240603	General Relief
3240604	Foster Care
3240605	Nutritional Services
3240606	Employment Services
3240607	Resettlement Assistance
3240608	Workforce Investment Fund
32406XX to 3240699	[Other - detail as desired]
32407XX	PARKS AND RECREATION
3240701	Young Adult Conservation Corps Program
3240702	Youth Conservation Corps Program
3240703 to 3240799	[Other - detail as desired]
32408XX	LIBRARY
3240801	Financial Assistance to Public Libraries
3240802 to 3240899	[Other - detail as desired]
32409XX	COMMUNITY DEVELOPMENT
3240901	CDBG - Rent Subsidies
3240902	Abandoned Vehicles
3240903 to 3240999	[Other - detail as desired]
32410XX	EDUCATION
3241001	State Sales Tax Receipts
3241002	Basic School Aid
3241005	Regular Foster Care
3241006	Adult High School Courses
3241007	Gifted and Talented
3241008	Remedial Education
3241009	Enrollment Loss
3241010	State Supplemental Payments
3241011	Pilot Studies
3241012	Special Education - Standards of Quality
3241014	Textbook Payments
3241015	School Food Services
3241017	Vocational Standards of Quality Payments
3241018	Vocational Adult Education
3241019	Vocational Apprenticeship
3241020	Hospital, Clinics, Detention Homes

3241021	Social Security - Instructional
3241022	Social Security - Non-Instructional
3241023	Teacher Retirement - Instructional
3241024	Teacher Retirement - Non-Instructional
3241025	Group Life Insurance - Instructional
3241026	Group Life Insurance - Non-Instructional
3241029	Magnet - Regional School Year
3241031	Indian Children
3241033	Jobs for Virginia Graduates
3241034	Elementary Model School
3241038	Migrant Education - State
3241040	Adult Literacy - State
3241042	Governor's School
3241043	Software Rights
3241045	Dropout Prevention
3241046	Homebound
3241047	Private School Tuition
3241048	Regional Programs
3241049	In-service
3241050	Special Education/Vocational Education
3241051	Interagency Pool
3241052	Vocational Equipment
3241053	Vocational Occupational/Technical Education
3241054	Vocational Conference Travel
3241055	Vocational Canneries
3241056	Adult Transitional
3241058	Teacher Incentive Payments
3241059	Special Education Foster Care
3241060	Magnet - Regional Summer
3241061	Electronic Classroom Payments
3241062	Software Flow-Through
3241063	Benefits from Other State Agencies
3241064	Recordation Tax - This includes the share of state taxes distributable to counties and cities under §58.1-816, Code of Virginia. These moneys can only be used for transportation purposes and public education.
3241065 to 3241099	[Other - detail as desired]

REVENUE FROM THE FEDERAL GOVERNMENT

Revenue reported in these accounts includes revenue received or accrued from the federal government and classified as payments in lieu of taxes, non-categorical aid or categorical aid. Revenue from the federal government includes federal pass-thru funds from state agencies.

MAJOR SOURCE: 331XXXX - PAYMENTS IN LIEU OF TAXES**33101XX PAYMENTS IN LIEU OF TAXES**

- 3310101 National Forests Reserve Funds - Act of May 23, 1908, as amended 16USC500., CFDA 10.665
- 3310102 Flood Control Act of 1954 - Payments for federally owned lands that were on the tax roll prior to transfer of the land to the federal government. Public Law 97-258, CFDA 12.112
- 3310103 to 3310199 [Other - detail as desired]

NOTE: Impacted area aid grants designated for Education are not considered payments in lieu of taxes, but are reflected under Categorical Aid.

MAJOR SOURCE: 332XXXX - NON-CATEGORICAL AID - Includes revenue received from the federal government which is used at the discretion of the local government. Accounts in this classification include:

33201XX COMMUNITY DEVELOPMENT BLOCK GRANTS - Includes administrative portion of Community Development Block Grants. Grants for construction or acquisition of capital assets should be reported as capital projects revenues. Grants for water and sewer lines should be reported with enterprise activities. 3320101 to 3320199 [Detail as desired]

33202XX INDIRECT COSTS
3320201 to 3320299 [Detail as desired]

33203XX CARES Act Coronavirus Relief Funding (CRF)
11/4/20 UPDATE—Note: The US Department of Treasury’s FAQ guidance issued over CRF funding has determined that CRF resources are not grants and instead has identified the resources as “other financial assistance.” Since the CARES Act/CRF revenue is more unique than the typical type of Federal grants that localities receive, the Auditor of Public Accounts has determined the most appropriate classification of this revenue for Transmittal purposes is Form 700, Revenue from the Federal Government: Non-Categorical Federal Aid: Other (Line 1.32.3).

MAJOR SOURCE: 333XXXX - CATEGORICAL AID - There are numerous federal categorical grants including impacted area aid grants. Sources should be structured so there will be sufficient detail to relate grants to the appropriate activity for Comparative Report purposes.

33301XX PUBLIC SAFETY
3330101 Ground Transp. Safety - Police Traffic Services

	3330102	Ground Transp. Safety - Alcohol Countermeasures
	3330103	Ground Transp. Safety - Driver Improvement
	3330104	Ground Transp. Safety - Emergency Medical Services
	3330105	Ground Transp. Safety - Safety Construction
	3330106	Crime Victims Assistance
	3330107	Juvenile Justice and Delinquency Prevention
	3330108	Anti-Drug Abuse
	3330109	Justice Assistance Grants
	3330110	Emergency Management Assistance
	3330111	Emergency Operating Centers
	3330112	Law Enforcement - Proceeds of Forfeited Assets
	3330113	Community Domestic Violence
	3330114	Juvenile Accountability
	33301XX to 3330199 [Other - detail as desired]	
33302XX	PUBLIC WORKS	
	3330201	Disaster Relief Public Assistance
	3330202	Emergency Management Preparedness
	3330203 to 3330299 [Other - detail as desired]	
33303XX	HEALTH	
	3330301	Maternal and Child Health Services
	3330302 to 3330399 [Other - detail as desired]	
33304XX	MENTAL HEALTH & BEHAVIORAL HEALTH	
	3330401	Mental Health Research Grants
	3330402	Alcohol Abuse
	3330403	Drug Abuse
	3330404	Mental Health Disaster Assistance
	3330405	Assistance in Transition from Homelessness
	3330406 to 3330499 [Other - detail as desired]	
33305XX	SOCIAL SERVICES	
	3330501	Temporary Assistance to Needy Families
	3330502	Refugee Assistance
	3330503	Energy Assistance
	3330504	Social Services Block Grant
	3330505	Financial Assistance for Local Services to the Elderly
	3330506	Senior Community Employment Program
	3330507	Section 8 Housing for Low Income
	3330508	Disaster Relief
	3330509	Workforce Investment Act
	3330510	Welfare to Work
	3330511	Foster Care
	3330512 to 3330599 [Other - detail as desired]	
33306XX	PARKS, RECREATION, AND CULTURAL	
	3330601	Historic Preservation - Planning and Survey

	3330602	Library Services
	3330603	Promotion of the Arts
	3330604 to 3330699	[Other - detail as desired]
33307XX		COMMUNITY DEVELOPMENT
	3330701	Cooperative Forestry Assistance
	3330702	Watershed Protection & Flood Protection
	3330703	Air Pollution Control Program
	3330704 to 3330799	[Other - detail as desired]
33308XX		EDUCATION
	3330801	Basic Adult Education
	3330802	Title 1 Grants to LEAs
	3330803	Title 1 Accountability
	3330804	Migrant Program
	3330805	Forest Land Use
	3330806	Workforce Investment Act
	3330807	Title III of P.L. 95-561 (Formerly P.L. 815-Impact Aid)
	3330808	Title III of P.L. 95-561 (Formerly P.L. 874-Impact Aid)
	3330809	School Breakfast Program –
	3330810	School Lunch Program
	3330811	Adult Literacy
	3330812	Emergency Immigrant Assistance
	3330813	Transition for Refugee Children
	3330814	Title I
	3330815	Title VI – Innovative Education Program
	3330816	Title VI - B - Special Education (PL 94-142)
	3330817	Title VI – Rural Education
	3330818	Title VII - Bilingual Education
	3330819	Title XI - Indian Education
	3330820	Title XIII - Adult Education
	3330821	Career Education
	3330822	Vocational Education Federal Funds
	3330823	Foster Care Title IV-E
	3330824	Title II
	3330825	Drug Free
	3330826	Development Disabilities Grant
	3330827	Cash in Lieu of USDA Commodities
	3330828	Asbestos Inspection
	3330829 to 3330899	[Other - detail by Expenditure Activity]

3330900 – CARES Act Coronavirus Relief Funding (CRF)

NOTE: See additional guidance above at Section 332XXXX Federal “Non-Categorical Aid” for update on the revenue classification of CARES Act/CRF funds for Transmittal reporting purposes.

Other Financing Sources

MAJOR SOURCE: 341XXXX - NON-REVENUE RECEIPTS - Examples of accounts in this general source include:

34101XX	INSURANCE RECOVERY 3410101 to 3410199 [Detail as desired]
34102XX	SALE of LAND, VEHICLES, EQUIPMENT and/or BUILDINGS-(Nonrecurring) 3410201 to 3410299 [Detail as desired]
34103XX	ANNEXATION PAYMENTS FOR THE VALUE OF PUBLIC IMPROVEMENTS 3410301 to 3410399 [Detail as desired]
34104XX	PROCEEDS FROM INDEBTEDNESS
	3410401 Local Bond Issues
	3410402 Loans from Literary Fund
	3410403 Proceeds from Bond Issue Anticipation Note
	3410404 Temporary Loans
	3410405 Capital Leases
	3410406 to 3410499 [Detail as desired]

3.4 System of Accounts for Expenditures

The System of Accounts presents expenditures in six levels of detail: Type, Function, Activity, Sub-activity, Element, and Sub-element.

TYPE: Expenditures (1 digit)

FUNCTION: (2 digits)

The function is a group of related activities aimed at accomplishing a major service or regulatory program for which a locality is responsible. Examples of functions are Judicial Administration, Public Safety, and Health and Human Services.

ACTIVITY: (1 digit)

The activity is a specific and distinguishable line of activities or services provided by one or more components of a locality to accomplish a function for which the governmental unit is responsible. Examples of activities are Courts, Fire and Rescue Services, and Income Support Benefits/Social Services.

SUB-ACTIVITY: (1 digit)

A sub-activity is a further refinement of the activity. The sub-activity, classroom instruction, defines the activity, instruction.

ELEMENT: (1 digit)

An element is a service that carries out a local government activity. Examples are General District Court, Fire Department, and Public Assistance.

SUB-ELEMENT: (1 digit)

A sub-element is a further refinement of an element. The sub-elements counseling or placement services are types of guidance services (an element).

This Section includes an overview of expenditure accounts typical to local governments and a suggested coding structure. For proper management and control some local governments may find it necessary to set up an account for each element, some may need additional elements, while others may combine elements.

An illustration of the expenditure account structure (for Student Counseling Services - Account # **4061212**) is diagrammed below:

Type

3 - Revenue

4 - Expenditures

Function

01 - General Government Administration

02 - Judicial Administration

03 - Public Safety

04 - Public Works

05 - Health & Human Services

06 - Education

07 - Parks, Recreation & Cultural

08 - Community Development

09 - Nondepartmental

Activity

1 - Instruction

2 - General Support

3 - Non-instructional Operations

4 - Facilities

5 - Other

Sub-activity

1 - Classroom

2 - Instructional Support - Student

3 - Instructional Support - Staff

Element

1 - Guidance

2 - Social Worker

3 - Homebound

Sub-element

1 - Management & Direction

2 - Counseling Services

3 - Appraisal Services

4 - Information Services

5 - Record Maintenance
Services

For the Comparative Report, most expenditures are reported at the "Activity" level. In some cases, because of a need for information at a more detailed level, local governments must report expenditures at the "Sub-activity" or "Element" level. In the Sections that follow, these required detail accounts are highlighted in **ALL CAPS**.

OBJECT CLASSES

An object is an expenditure classification that categorizes the type of item purchased or the service obtained. Examples are personal service, fringe benefits, and contractual services.

Some governments also use Sub-objects to provide a better definition of the specific types of expenditures charged to each object. A sub-object is a more detailed classification of an object. It specifically defines a type of expenditure included in the object class. Object class and sub-object definitions are presented in Section 3.5, but are not necessary for Comparative transmittal reporting.

PROGRAMS

Program accounts present a further refinement of expenditures. A program is a plan of activities and procedures designed to accomplish a predetermined objective. The program dimension provides the framework to determine the cost for the planned activity. Programs can be categorized into uses that support internal management decision making, those that aid in justifying funding requests, and those needed for accountability or reporting. Program accounts are not necessary for Comparative transmittal reporting.

PROJECTS

Project accounts identify expenditures applicable to a funding source, authority, or special purpose for which records are required. The use of project codes is may be helpful for identifying specific capital projects or service initiatives that cross several departments.

COST CENTERS

Cost Centers are operating units for which costs are accumulated. They are usually major departments or divisions within a department. A primary use of cost centers is to capture the actual cost of operations for budget comparisons. Cost Centers may be classified by location, type of service, revenue producing and non-revenue producing centers. Cost Centers can be used to further allocate direct expenditures such as salaries and other charges and indirect cost such as central stores and purchasing. Cost Centers are not necessary for Comparative transmittal reporting.

EXPENDITURES**FUNCTION 01 - GENERAL GOVERNMENT ADMINISTRATION**

4011XXX LEGISLATIVE - Expenditures of the Board of Supervisors and City/Town Council in the performance of its main work and subsidiary activities. Includes direct expenditures for the members of the governing body and staff exclusively responsible to the governing body (excluding the manager or attorney). It also includes related expenses such as printing the procedures of the governing body.

4011100 Board of Supervisors; City/Town Council

4011200 Clerk of the Board; City/Town Clerk - Where the clerk of the Circuit Court or some other official also performs the duties of the Clerk of the Board, only include the allocated share of expenditures related to the duties of the Clerk of the Board.

4011300 to 4011900 [Other - detail as desired]

4012XXX GENERAL AND FINANCIAL ADMINISTRATION - Expenditures related to general management and financial administration of the government.

4012100 Executive Administration

4012110 Manager or Other Executive

4012120 Assistant Manager and/or Other Executive Officers

4012200	General Administration
4012210	Legal Services - Includes the costs of attorneys employed by the locality including county attorney and fees paid for special legal counsel. Also includes the costs of legal services provided by the Commonwealth's Attorney at the direction of the governing body. Expenditures related to the Commonwealth's Attorney for judicial responsibilities performed for the state are reported under Commonwealth's Attorney.
4012220	Personnel - Includes administration of the personal function, including recruitment, examination and certification, training, classification and pay, employee services and relations.
4012230	Research and Statistics
4012240	Independent Auditor - The costs of the annual audit and other examinations of the accounts and records of the local government by an independent auditor.
4012250	Internal Auditor
4012300	Revenue Administration
4012310	COMMISSIONER OF REVENUE - Includes all personnel of the Office of the Commissioner of Revenue, including those positions that are funded locally if they are directly responsible to the Commissioner.
4012320	Assessor
4012330	Equalization Board
4012340	License Bureau
4012400	Financial Administration
4012410	TREASURER - Includes all personnel of the Treasurer's Office, including those positions that are funded locally if they are directly responsible to the Treasurer.
4012420	Director of Finance - For those localities with a Director of Finance, expenditures would include those similar to the Commissioner of Revenue and/or Treasurer.
4012430	Accounting
4012440	Budgeting

	4012450	Administration of Retirement System - Includes expenditures related to the administration of the retirement system. Contributions on behalf of employees are a fringe benefit and are reported as an expenditure of the activity to which the employees charged their time.
	4012500	Internal Services
	4012510	DATA PROCESSING/INFORMATION TECHNOLOGY
	4012520	AUTOMOTIVE/MOTOR POOL
	4012530	CENTRAL PURCHASING/CENTRAL STORE
	4012540	PRINT SHOP
	4012550	RISK MANAGEMENT
	4012600 to 4012900 [Other - detail as desired]	
4013XXX	BOARD OF ELECTIONS - Expenditures for recording voters and holding general, primary, and special elections. Also includes purchase and maintenance of voting machines and other related equipment.	
	4013100	Electoral Board and Officials
	4013200	Registrar
	4013300 to 4013900 [Other - detail as desired]	

4015000 COVID-19 Emergency Acts Expenditures/Coronavirus Relief Funding
11/4/20 Update: Please refer to additional, updated guidance on pages 3-2 to 3-3 above.

FUNCTION 02 - JUDICIAL ADMINISTRATION

4021XXX	COURTS - Expenditures by the local government relating to the court system.	
	4021100	Circuit Court
	4021200	General District Court
	4021300	Special Magistrates
	4021400	High Constable
	4021500	Public Defender
	4021600	Juvenile and Domestic Relations District Court - The expenditures made for the Juvenile Court Services Unit probation offices are reflected under Correction and Detention.
	4021700	CLERK OF THE CIRCUIT COURT - Includes expenditures made by the local government for the Office of the Clerk of the Circuit Court. Duties, if any, the Clerk performs for the Board of Supervisors are reported under General and Financial Administration.

4021800	SHERIFF - Includes that portion of expenditures in the Office of the Sheriff related to serving papers as required by the court and for providing court security. Expenditures of the Sheriff's Office related to law enforcement or the jail are reported under activities in Public Safety.
4021900	Law Library
4021910	Victim and Witness Assistance - Includes promotion of victim cooperation with law enforcement and direct assistance to victims.
4021920 to 40219XX	[Other - detail as desired]
4022XXX	COMMONWEALTH'S ATTORNEY - Includes expenditures of the Office of the Commonwealth's Attorney. In localities where the Commonwealth's Attorney also serves as counsel for the Board of Supervisors, the expenditures related to that capacity are reported under General and Financial Administration.
4022100	Commonwealth's Attorney
4022200 to 4022900	[Other - detail as desired]

4025000 COVID-19 Emergency Acts Expenditures/Coronavirus Relief Funding
11/4/20 Update: Please refer to additional, updated guidance on pages 3-2 to 3-3 above.

FUNCTION 03 - PUBLIC SAFETY

4031XXX	LAW ENFORCEMENT AND TRAFFIC CONTROL - Includes expenditures for police activities within the locality. It includes, but is not limited to the control and investigation of crime, lock-up facilities, uniform policing and patrol, law enforcement training, records retention and identification, crime laboratory, custody of property, and support services such as automotive services, medical services, and administration. Expenditures for radio and communications are included under this activity, unless a material amount of radio and communication is used in another activity. In this case, costs should be allocated in a consistent and reasonable manner.
4031100	Police Department
4031200	SHERIFF - Includes the portion of expenditures in the Sheriff's Office relating to law enforcement. Expenditures in the Sheriff's Office for serving court papers or court security are reported under Courts. Expenditures for the jail are reported under Correction and Detention.
4031300	Traffic Control - Includes officers assigned to traffic control including school crossing guards. Traffic engineering expenditures (e.g., placement, installation and maintenance of traffic signs and lights) are reflected under Maintenance of Highways, Streets, Bridges and Sidewalks.

4031400	911 system – Maintaining a locality-wide emergency telephone system in the police department or by the Sheriff. Expenditures for E-911 Systems maintained in a separate Emergency Services department should be reflected under Other Protection.
4031500	Marine Life Enforcement - Includes the operation of marine patrol and marine life regulation of watercourses.
4031600	Ground Transportation Safety - Includes police traffic services, alcohol countermeasures, and driver improvement.
4031700	Virginia Alcohol Safety Action Program unless administered by the sheriff or the police department.
4031800 to 4031900	[Other - detail as desired]
4032XXX	FIRE AND RESCUE SERVICES - Expenditures for firefighting and fire prevention in the locality. Includes inspection of fire hazards, investigation of fire causes, fire prevention education, arson investigation, installation and maintenance of fire hydrants and fire training (including maintenance of special training facilities). This activity also includes contributions or payments to other entities which provide fire protection, and expenditures for providing ambulance, rescue, and paramedic services.
4032100	Fire Department
4032200	Volunteer Fire Department
4032300	Ambulance and Rescue Services
4032400 to 4032900	[Other - detail as desired]
4033XXX	CORRECTION AND DETENTION - Expenditures related to correction and detention facilities. Expenditures for each element are reported separately.
4033100	SHERIFF - Includes that portion of expenditures of the Sheriff for the maintenance and operation of the jail. (Expenditures of the Sheriff's Office related to serving papers or providing court security are charged to Courts. Law enforcement related expenditures are reflected in Law Enforcement and Traffic Control).
4033200	COUNTY/CITY OPERATED INSTITUTIONS - Includes the following institutions: <ol style="list-style-type: none"> 1. Jail - when the jail is operated by someone other than the Sheriff (serving in the capacity of a constitutional officer). Lock-up facilities are charged to Law Enforcement and Traffic Control. 2. County and City Jail Farms. 3. Juvenile Detention Homes. 4. Group Homes. 5. Regional Jails.

4033300	PROBATION OFFICE - Includes the Juvenile Court Services Unit which is responsible for the supervision of juveniles placed on probation or parole.
4033400	OTHER CORRECTION & DETENTION - Includes community diversion programs.
4033500 to 4033900	[Other - detail as desired]
4034XXX	INSPECTIONS - Expenditures for making protective inspections other than for health or fire.
4034100	Building Structure
4034200	Building Components
4034210	Plumbing
4034220	Electrical
4034230	Heating and Air Conditioning
4034240	Elevator
4034250	Natural Gas
4034260	Boiler
4034300	Commercial
4034310	Weights and Measures
4034400	Enforcement
4034500 to 4034999	[Other - detail as desired]
4035XXX	OTHER PROTECTION - Expenditures for protection services not included in the foregoing activities.

4035000 COVID-19 Emergency Acts Expenditures/Coronavirus Relief Funding
11/4/20 Update: Please refer to additional, updated guidance on pages 3-2 to 3-3 above.

4035100	Animal Control - Includes collecting, impounding, and disposing of animals. Also includes any contributions made to humane societies.
4035200	Game Warden - Includes claims paid for poultry and livestock that have been killed.
4035300	Medical Examiner (Coroner)
4035400	Consumer Protection Services
4035500	Emergency Services (Civil Defense) - Expenditures for the preparation of survival plans in the event of war, terrorist act, or national disaster; administration of training, protection and survival for such disasters, and maintenance of shelters, supplies, and equipment. This also includes the operation and maintenance of communications systems for the police, sheriff, fire, ambulance, and other emergency services.

4035600 911 System - Maintaining a locality-wide emergency telephone system in a separate Emergency Services Department. Expenditures for E 911 System maintained by the Sheriff or Police Department are reported under Law Enforcement and Traffic Control.

4035700 to 4035999 [Other - detail as desired]

FUNCTION 04 - PUBLIC WORKS

NOTE: Only maintenance and repairs of existing structures should be included in the activities listed below. Construction or acquisition of new streets, bridges, sidewalks, buildings, landfills, etc. should be included in Capital Projects.

4041XXX MAINTENANCE OF HIGHWAYS, STREETS, BRIDGES, AND SIDEWALKS - Expenditures made by the local government for the maintenance and operation of streets, sidewalks, curbs and gutters, bridges and similar “infrastructure” facilities. Includes street lighting, snow removal, and the maintenance and operation of parking meters and lots. This activity also includes the preliminary engineering, field installation, and maintenance of traffic signals and signs.

4041100 General Engineering/Administration

4041200 Highways, Streets, Bridges, and Sidewalks

4041300 Other Maintenance

4041310 Storm Drainage - Drainage Systems and curbing constructed as part of a new road or street should be included as part of the capital project. However, if drainage and curbing are added to existing streets, expenditures should be included here.

4041320 Street Lights - Acquisition and installation. Lights related to park facilities (e.g., tennis court lights) are reported under Parks and Recreation.

4041330 Snow and Ice Removal

4041340 Parking Meters and Lots

4041400 Traffic Engineering

4041500 to 4041999 [Other - detail as desired]

4042XXX SANITATION AND WASTE REMOVAL - Expenditures relating to the collecting and disposing of refuse. Includes operation of incinerators and sanitary landfills. Also, includes street cleaning and leaf collection as well as cutting and controlling weeds, and any local stormwater utility program.

4042100 General Engineering/Administration

4042200 Street and Road Cleaning

	4042300	Refuse Collection
	4042400	Refuse Disposal
	4042500	Weed Control
	4042600	Litter Control
	4042700 to 4042999 [Other - detail as desired]-i.e.: Stormwater utility	
4043XXX	MAINTENANCE OF GENERAL BUILDINGS AND GROUNDS - Expenditures related to the repair and maintenance of all local government structures except educational, parks and recreation, and enterprise activity facilities. Rent and insurance and utility costs (e.g., heat, power, light, water, and sewer) are included except telephone (which is charged to the activities benefited).	
	4043100	General Engineering/Administration
	4043200	General Properties
	4043300	General Properties for Commercial Use (Other than Enterprise)
	4043400 to 4043999 [Other - detail as desired]	

4045000 **COVID-19 Emergency Acts Expenditures/Coronavirus Relief Funding**
11/4/20 Update: Please refer to additional, updated guidance on pages 3-2 to 3-3 above.

FUNCTION 05 - HEALTH AND HUMAN SERVICES

4051XXX	HEALTH - Expenditures of the local government for health services, including Local Health Department programs that are part of the state/local cooperative health budget as well as programs that are fully funded locally. Mosquito and rat control are included in this activity. School health services and state and local hospitalization are charged to Education and to Income Support Benefits/Social Services, respectively.	
	4051100	Local Health Department
	4051200	Supplement of Local Health Department
	4051300	Pest Control
	4051310	Mosquito Control
	4051320	Rat Control
	4051400 to 4051999 [Other - detail as desired]	
4052XXX	BEHAVIORAL HEALTH AND DEVELOPMENTAL SERVICES - Expenditures related to mental health and other behavioral services, substance abuse programs, and developmental services (i.e.: intellectual disabilities), including contributions made by the local government to Community Services Boards (Chapter X Boards).	
	4052100	Administration
	4052200	Mental and Behavioral Health Services
	4052300	Developmental Services
	4052400	Substance Abuse Services

	4052500	Community Services Board
	4052600 to 4052999	[Other - detail as desired]
4053XXX	INCOME SUPPORT BENEFITS (formerly WELFARE)/SOCIAL SERVICES - Local expenditures for income support benefits assistance and social services including: (1) administration of the Department/Board of Social Services, (2) public assistance payments made to individuals, and (3) payments or contributions for social services.	
	4053100	Administration
	4053110	Income Support Benefits Program Administration
	4053120	Supplemental Nutrition Assistance Program Administration
	4053130	Temporary Assistance to Needy Families Administration
	4053140	Energy Assistance Administration
	4053200	Assistance - Direct
	4053210	Public Assistance
	4053220	State and Local Hospitalization - Payments to medically indigent individuals.
	4053230	Area Agency on Aging
	4053240	Transportation Programs for Elderly - Other
	4053300	Property Tax Relief for Elderly/Handicapped - The revenue abated for property tax relief for the elderly and the handicapped. If property taxes are only deferred, they should not be reflected as an expenditure.
	4053400	Assistance - Institutions
	4053410	Foster Homes
	4053420	Child Daycare
	4053500	Children's Services Act
	4053600 to 4053999	[Other - detail as desired]

4055000 COVID-19 Emergency Acts Expenditures/Coronavirus Relief Funding**11/4/20 Update: Please refer to additional, updated guidance on pages 3-2 to 3-3 above.****FUNCTION 06 - EDUCATION**

Expenditures for the maintenance and operation of the educational function of the local government.

4061XXX	INSTRUCTION - Instruction includes the activities dealing with the interaction between teachers and students. Instruction may be provided for students in a school classroom, in another location such as a home or hospital, or in other learning situations. Instruction may also be provided through another
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approved medium such as television, Internet, radio, telephones, or correspondence. Activities of aides or classroom assistants of any type (clerks, graders, teaching machines, etc.) which assist in the instructional process are included in Instruction.

4061100 Classroom Instruction - Compensation of all instructional staff for regular day schools, grades K - 12, should be included in this sub-activity regardless of the source of funds (local, state, federal, other) for such compensation.

4061200 Instructional Support-Student - Activities designed to assess and improve the well-being of students and to supplement the teaching process.

4061210 Guidance Services - Activities involving counseling, evaluating and assisting students, parents, and other staff members.

4061211 Management and Direction

4061212 Counseling Services

4061213 Appraisal Services

4061214 Information Services

4061215 Record Maintenance
Services

4061216 Placement Services

4061220 School Social Worker Services - Activities designed to improve student attendance at school and that attempt to prevent or resolve student problems involving the home, school, and community. Registration activities for adult education programs are included here.

4061221 Management and Direction

4061222 Social Work Services

4061230 Homebound Instruction - Meeting the educational needs of students who are unable to attend regular school because of illness, emotional disturbance, pregnancy, congenital deformity, or accident, etc.

4061300 Instructional Support-Staff - Activities associated with assisting the instructional staff with content and process of instructing students.

4061310 Improvement of Instruction - Activities that assist instructional staff plan, develop, and evaluate the process of providing learning experiences for students. These activities include curriculum development, techniques

		of instruction, child development, and staff training, etc.
	4061311	Management and Direction
	4061312	Instruction and Curriculum Development
	4061313	Instructional Staff Training Services
	4061320	Media Services - Activities concerned with the use of all teaching and learning resources. Educational media are defined as any devices, content materials, methods, or experiences used for teaching and learning.
	4061321	Management and Direction
	4061322	School Library Services
	4061323	Audiovisual Services
	4061324	Educational Television Services
	4061325	Computer Assisted Instruction Services
	4061326	Other Educational Media Services
4061400	Instructional Support-School Administration	- Activities concerned with overall administrative responsibility for a school.
	4061410	Office of the Principal - Activities concerned with directing and managing the operation of a particular school.
4062XXX	ADMINISTRATION, ATTENDANCE, AND HEALTH - Activities concerned with establishing and administering policy for administration, attendance, and health.	
	4062100	Administration - Activities concerned with establishing and administering policy for operating the Local Educational Agency (LEA).
	4062110	Board Services – Activities of the elected body that has been created according to state law and vested with responsibility for educational activities in a given administrative unit.
		4062111 Supervision of Board Services
		4062112 Clerk Services
	4062120	Executive Administration Services - Activities associated with overall general

	administration of or executive responsibility for the LEA, including the Superintendent, Assistant Superintendent and other staff who directly report to the Superintendent.
4062121	Office of the Superintendent
4062122	Community Relations Services
4062123	State and Federal Relations Services
4062124	Special Area Administration Services
4062130	Information Services - Activities concerned with disseminating educational and administrative information to students, staff, and the general public through direct mailing, the various news media, or personal contact.
4062131	Management and Direction
4062132	Internal Information Services
4062133	Public Information Services
4062134	Management Information Services
4062140	Personnel Services - Activities concerned with maintaining the school system's staff. It includes such activities as recruiting and placement, staff transfers, in-service training, health services, and staff accounting.
4062141	Management and Direction
4062142	Recruitment and Placement Services
4062143	Staff Accounting Services
4062144	In-service Training
4062145	Health Services
4062150	Planning Services - Activities, other than general administration, which support each of the other instructional and support service programs. These activities include planning, research, development, evaluation, and information.
4062151	Management and Direction
4062152	Planning Services
4062153	Research Services
4062154	Evaluation Services

4062160	Fiscal Services - Activities concerned with the fiscal operations of the LEA. This function includes budgeting, receiving, and disbursing, financial and property accounting, payroll, inventory control, internal auditing, and managing funds.
4062161	Management and Direction
4062162	Budgeting Services
4062163	Accounting Services
4062164	Payroll Services
4062165	Internal Auditing Services
4062166	Property Accounting Services
4062170	Purchasing Services - Activities concerned with purchasing supplies, furniture, equipment, and materials used in schools or school system operations.
4062180	Reprographics - The activities of printing and publishing administrative publications such as annual reports, school directories, and manuals. Activities here also include centralized services for duplicating school materials and instruments such as school bulletins, newsletters, and notices.
4062200	Attendance and Health Services - Activities designed to promote and improve children's attendance at school. Includes activities in the field of physical and mental health, such as medicine, dentistry psychology, psychiatry, nursing services and student attendance services.
4062210	Attendance Services - Activities such as promoting improved attitudes toward attendance, analyzing causes of non-attendance, and enforcing compulsory attendance laws.
4062220	Health Services - Physical and mental health services which are not related to direct instruction. Included are activities that provide students with appropriate medical, dental, and nursing services.
4062221	Management and Direction
4062222	Medical Services
4062223	Dental Services

	4062224	Nursing Services
	4062225	Other Health Services
4062230		Psychological Services - Activities concerned with administering psychological tests and psychological counseling for students, staff, and parents.
	4062231	Management and Direction
	4062232	Psychological Testing Services
	4062233	Psychological Counseling Services
	4062234	Psychotherapy Services
4062240		Speech/Audiology Services - Activities which identify, assess, and treat children with speech, hearing, and language impairments.
4063XXX		PUPIL TRANSPORTATION SERVICES - Activities concerned with transporting students to and from school, as provided by state and federal law. This includes trips between home and school, and trips to school activities.
	4063100	Management and Direction
	4063200	Vehicle Operation Services - Activities involved in operating vehicles for student transportation.
	4063300	Monitoring Services - Activities concerned with supervising students in the process of being transported between home and school and between school and off-site school activities.
	4063400	Vehicle Maintenance Services - Activities involved in maintaining student transportation vehicles.
	4063500	School Buses – Regular Purchases Activities involved in the purchase of school buses.
	4063600	School Buses – lease Purchases – Include only the expenditures for the current year made for lease-purchases of school buses.
4064XXX		OPERATION AND MAINTENANCE SERVICES - Activities concerned with keeping the school facilities open, comfortable, and safe for use, and keeping the grounds, buildings, and equipment in effective working condition.
	4064100	Management and Direction
	4064200	Building Services - Activities concerned with keeping the physical plant clean and ready for daily use. Include operating the heating, lighting, and ventilating systems. It also includes the costs of building rental and property insurance.

4064300	Ground Services - Activities such as snow removal, landscaping, grounds maintenance designed to maintain and improve the land (but not the building).
4064400	Equipment Services - Activities involved in maintaining equipment owned or used by LEA.
4064500	Vehicle Services (Other than Pupil Transportation Vehicles) - Activities involved in maintaining general purpose vehicles such as trucks, tractors, graders, and staff vehicles.
4064600	Security Services - Activities concerned with maintaining order and safety in school buildings, on the grounds, and in the vicinity of schools at all times. Include police activities for school functions and traffic control. Also, building alarm systems and hall monitoring services.
4064700	Warehousing and Distributing Services - The activities of receiving, storing, and distributing supplies, furniture, equipment, materials, and mail.
4064800	Asbestos Removal
4065XXX	SCHOOL FOOD SERVICES AND OTHER NON-INSTRUCTIONAL OPERATIONS - Activities concerned with providing non-instructional services to students, staff, or to the community.
4065100	School Food Services - Activities concerned with providing food to students and staff in a school or LEA. This service area includes preparing and serving regular and incidental meals, lunches, or snacks in connection with school activities and food delivery.
4065200	Enterprise Operations - Activities that are financed and operated in a manner similar to private business enterprises, where the costs are financed or recovered primarily through user charges.
4065300	Community Services - Activities concerned with providing community services to students, staff, or other community participants. Examples include the operation of a community swimming pool, a recreation program for the elderly, a child care center for working parents, etc.

4065000 COVID-19 Emergency Acts Expenditures/Coronavirus Relief Funding
11/4/20 Update: Please refer to additional, updated guidance on pages 3-2 to 3-3 above.

4066XXX CONTRIBUTIONS TO COMMUNITY COLLEGES
 [Other – Detailed as Desired]

FUNCTION 07 - PARKS, RECREATION AND CULTURAL

4071XXX **PARKS AND RECREATION** - Expenditures related to the maintenance and operation of parks, beaches, and other participant recreation facilities. Includes the landscaping of parks, streets, and median strips, and the installation and maintenance of lights, directly related to a park facility (e.g., tennis courts, ball fields). Street lights adjacent to parks are reported under Maintenance of Highways, Streets, Bridges, and Sidewalks. Also includes the supervision and instruction provided for recreational activities and park police or rangers whose responsibilities are solely within park areas. (Expenditures for personnel within the Police or Sheriff's Department who patrol parks as part of their regular responsibilities are charged to Law Enforcement and Traffic Control.) This activity also includes expenditures for the maintenance and operation of cemeteries.

4071100 Administration

4071110 Supervision of Parks and Recreation

4071200 Maintenance

4071300 Recreation Facilities

4071310 Recreation Centers and Playgrounds

4071320 Swimming Pools

4071330 Golf Courses

4071340 Marinas and Boat Landings

4071400 Cemeteries - Does not include any expenditure within a Trust and Agency Fund for perpetual care.

4071500 to 4071900 [Other - detail as desired]

4072XXX **CULTURAL ENRICHMENT** - Expenditures to maintain and operate facilities of a cultural nature. Includes contributions to culturally related private organizations (e.g., symphonies, art galleries).

4072100 Botanical Gardens

4072200 Museums

4072300 Art Galleries

4072400 Zoos

4072500 Historical Landmarks

4072600 Downtown Malls

4072700 to 4072900 [Other - detail as desired]

4073XXX **LIBRARY** - Expenditures for the maintenance and operation of a library or a contribution to a regional library facility.

4073100 Library Administration

4073200 Regional Library

4073300 to 4073900 [Other - detail as desired]

4075000 COVID-19 Emergency Acts Expenditures/Coronavirus Relief Funding

11/4/20 Update: Please refer to additional, updated guidance on pages 3-2 to 3-3 above.

FUNCTION 08 - COMMUNITY DEVELOPMENT

4081XXX **PLANNING AND COMMUNITY DEVELOPMENT** - Expenditures related to long and short range planning for physical, social, economic, and environmental issues. Includes expenditures for a planning department, planning commission, zoning board, or contributions to a planning district commission. Also includes programs that assist in the retention, expansion, and relocation of existing businesses and industries; efforts to acquire new businesses and industries; redevelopment and housing projects (including a contribution to a redevelopment and housing authority); and the costs of the industrial development commission or authority. Costs of attracting conferences and conventions, local marketing and promotional activities, including visitors' centers, tourist bureaus and public communications offices are also included in this activity.

4081100 Planning
 4081200 Community Development
 4081300 Redevelopment and Housing
 4081400 Zoning Board
 4081500 Economic Development
 4081600 to 4081900 [Other - detail as desired]

4082XXX **ENVIRONMENTAL MANAGEMENT** - Expenditures related to the monitoring or control of environmental factors.

4082100 Air Pollution
 4082200 Water Quality Management
 4082300 Flood and Erosion Control
 4082400 Soil and Water Conservation District
 4082500 Cooperative Forestry and Reforestation
 4082600 to 4082900 [Other - detail as desired]

4083XXX **COOPERATIVE EXTENSION PROGRAM** - Expenditures by the local government that are part of the Cooperative Extension Service of the Virginia Polytechnic Institute and State University. Programs are developed for the community with emphasis in four major areas:

4083100 Horticulture
 4083200 Family Resources
 4083300 Community Development
 4083400 4-H Youth
 4083500 to 4083900 [Other - detail as desired]

4085000 **COVID-19 Emergency Acts Expenditures/Coronavirus Relief Funding**
11/4/20 Update: Please refer to additional, updated guidance on pages 3-2 to 3-3 above.

FUNCTION 09 - NONDEPARTMENTAL

- 4091XXX NONDEPARTMENTAL - Includes expenditures by the local government in the following areas:
- 4091100 Judgments and Settlements - Includes settlements of tort claims made out of court. Expenditures and awards in condemnation proceedings are charged as capital outlays of the applicable activity or capital project.
 - 4091300 Annexation Costs
 - 4091400 to 4091900 [Other - detail as desired]
- 4092XXX REVENUE REFUNDS (SUSPENSE ACCOUNT) - Refunds made by the local government for overpayments to the local government. These refunds are netted from the appropriate revenue account. If a local government does not net these refunds when made, then an account is provided that may be used as a suspense account for recording these refunds throughout the year. Adjustments are then made at year end to net the refunds from the original revenue account such that the Revenue Refund Account is eliminated and never reported as an expenditure for comparative reporting. Each refund must be sufficiently identified in order that it can be “netted” from the appropriate revenue at year end.
- 4094XXX CAPITAL PROJECTS - General Government capital projects consist of expenditures for the acquisition of major capital facilities which are constructed or acquired, i.e., land and buildings. Also report expenditures for new streets, roads and bridges. Expenditures for improvements or maintenance to existing streets, roads, bridges and sidewalks are capital outlay and reported as capital outlay, not capital projects.
[Detail as desired]
- 4095XXX DEBT SERVICE
[Detail as desired]

3.5 Expenditure Object Classes

Expenditures are classified by object to describe the types of services or commodities a locality obtains. Objects are broad classifications of expenditures. For more definitive expenditure classification, objects are further divided into sub-objects.

The numbering system is presented only as guidance. Each locality must ensure that expenditures can be classified as required for comparative reporting.

Recovered Costs are reported as an object for comparative reporting. Recovered Costs are those amounts received by a local government from other governmental entities for services the other locality provides them (e.g., payment by the state for housing state prisoners). For budgeting and accounting purposes, these items are typically recorded as revenues under Revenue from Local Sources - Recovered Costs (account 31902XX). Therefore, an object class for Recovered Costs has not been provided in the following objects as they are structured for use in day to day accounting.

OBJECT DEFINITIONS

1000 PERSONAL SERVICES - All compensation for the direct labor of persons in the employment of the local government. Salaries and wages paid to employees for full and part-time work, including overtime, shift differential and similar compensation. Also includes payments for time not worked, including sick leave, vacation, holidays, and other paid absences (jury duty, military pay, etc.) which are earned during the reporting period.

2000 EMPLOYEE BENEFITS - Job related benefits provided employees is part of their total compensation. Fringe benefits include the employer's portion of FICA, pensions, insurance (life, health, disability income, etc.) and employee allowances.

Note: Fringe Benefits are a significant component of employee compensation and, like salaries and wages, are charged to the appropriate object of expenditures within each program. If possible, fringe benefit costs should be charged to the applicable program or activity on an ongoing basis. As an alternative, fringe benefits may be charged to fringe benefit clearing accounts. As part of the year-end closing process, these accounts are closed, and all costs are allocated to the appropriate program or activity based on a reasonable allocation method. Any allocation method adopted should be consistently applied.

Fringe benefits MUST be allocated to employee departments for comparative reporting.

3000 CONTRACTUAL SERVICES - Services acquired from outside sources (i.e., private vendors, public authorities or other governmental entities). Purchase of the service is on a fee basis or fixed time contract basis. Payments for rentals and utilities are not included in this account description.

4000 INTERNAL SERVICES - Charges from an Internal Service Fund to other functions/activities/elements of the local government for the use of intragovernmental services. Internal Services are defined as data processing, automotive/motor pool, central purchasing/central store, print shop, and risk management.

- Data Processing
- Automotive/Motor Pool

- Central Purchasing/Store
- Print Shop
- Risk Management

Note: INTERNAL SERVICES object/sub-objects are used to account for: (1) ongoing charges for services rendered by Internal Service Funds; or (2) the reclassification at year end of expenditures of activities which are internal service in nature. Reclassification is required for comparative reporting.

5000 OTHER CHARGES - Includes expenditures for utilities; leases and rentals; property insurance; postal services; travel; and payments to individuals for public assistance payments.

6000 MATERIALS AND SUPPLIES - Includes articles and commodities that are consumed or materially altered when used and minor equipment that is not capitalized.

7000 PAYMENT TO JOINT OPERATIONS - Payments to the Fiscal Agent for operations that are jointly operated by two or more local governments. An operation is defined as jointly operated if the local governments have responsibility of ownership and policy making. Policy making may be handled directly by the local governing bodies or indirectly through an appointed board.

8000 CAPITAL OUTLAY - Outlays which result in the acquisition of or additions to capital assets except outlays for major capital facilities (i.e., land and buildings) which are constructed or acquired. Expenditures for these major capital facilities are reflected within Capital Project Funds. Capital Outlay includes the purchase of assets both replacement and/or additions.

UNIFORM FINANCIAL REPORTING MANUAL
CHAPTER 4
Comparative Report Transmittal Forms

4.1 Introduction

Cities, counties and towns prepare the Comparative Report Transmittal Forms to report data required for the *Comparative Report of Local Government Revenues and Expenditures*. This Chapter provides instructions for the preparation, review and submission of the transmittal forms. General instructions for preparation of forms are presented at Section 4.2. Detailed instructions for individual forms are presented in the sections listed below. The instructions for related forms have been organized together in this Chapter for ease of understanding.

<u>Form</u>	<u>Title</u>	<u>Section</u>
100	Functional Expenditures and Sources of Revenue by Activity Form	4.3
110	Joint Activity Form	4.4
120	Joint Activity Form for Schools	4.5
200	Local Revenue Form	4.6
700	General Government Summary Form	4.7
300	General Government Capital Projects Form	4.8
310	Joint Activity Capital Projects Form	4.9
400	Debt Service for General Government Form	4.10
500	Summary of Outstanding Debt Form	4.11
600	Enterprise Activity Provider Form	4.12
610	Enterprise Activity Contributor Form	4.13
050	Financial Statement/Transmittal Reconciliation	4.14
EDIT	Edit Checks	4.15
LOCAL REVIEW	Comparative Report Local Review Worksheet	4.15
ANALYSIS	Analytical Review	4.15
VERIFY	Verification report	4.15

The Auditor's Role

The information used to prepare the transmittal forms is taken from audited records, and must conform to the requirements of this Manual. Certain agreed upon procedures have been developed for the auditor's review of the forms. A report on these agreed upon procedures must accompany the forms indicating their conformity, in all material respects, with the requirements of this Manual.

Some local governments may prefer to have their auditors prepare the transmittal forms as a part of the annual audit of the financial statements. This arrangement is acceptable to the Auditor of Public Accounts, provided the auditor gives assurance that the forms are prepared in accordance with this Manual.

Section 4.16 provides minimum procedures to be performed by the auditor in the review of the transmittal forms. In addition, a sample of the auditor's report is included.

4.2 General Instructions

The Comparative Report is compiled annually and presents uniform, comparative financial data about Virginia's localities. Most of the information contained in the Comparative Report comes from the localities' audited financial records. Each local government uses the Comparative Report Transmittal Forms to report the required financial data to the Auditor of Public Accounts.

For comparative reporting, financial data must be summarized in accordance with a uniform system of accounts. The Auditor of Public Accounts has developed a chart of accounts that is used to report financial data for compilation of the Comparative Report. These requirements are described in Chapter 3 and are REQUIRED for comparative reporting purposes.

The accounting principles applied to the local government's Annual Financial Report is inherently different from the financial data reported on the Comparative Report. The Financial Statement/Transmittal Reconciliation Form, Form 050, is used to summarize these differences. This form is discussed in detail at Section 4.14.

This section provides general instructions for the preparation and submission of the transmittal forms to the Auditor of Public Accounts.

Getting Started

The preparation of the transmittal forms begins with gaining an understanding of the requirements of this Manual and the extent to which the local government's accounting practices and reporting entity differ with these requirements. Identifying these differences is perhaps the most important step in properly classifying and reporting information in the

transmittal forms. The following procedures are considered minimum procedures for gaining an understanding adequate to prepare the transmittal forms properly:

1. Identify and document differences between the locality's and the UFRM systems of accounts for general government operations. A local government not using the chart of accounts presented in Chapter 3 of this Manual must be able to crosswalk its own chart of accounts to classifications required by the Auditor of Public Accounts.
2. Identify and document areas where the locality's system of accounts does not summarize directly into the information required for reporting of general government. Areas of concern include classifications for Operations and Maintenance (O&M), Capital Projects and Debt Service activities; and allocation of certain types of expenditures (such as the Sheriff or fringe benefits).
3. Identify and document differences between the accounting principles used by the locality and those required by the Auditor of Public Accounts. Differences may include treatment of "internal services", classification of recovered costs and tax relief programs, and basis of accounting differences due to fund classification of certain activities.
4. Identify joint activities in which the local government participates, and contact the fiscal agent to ensure that Forms 110, 120, or 310 will be prepared and distributed to participating localities timely. In activities where the entity acts as its own fiscal agent, the participating localities may have to prepare the Form 110 from the entity's audited financial statements.
5. Compare the locality's fund structure to the Comparative Report categories. Plan adjustments necessary to meet classification requirements for General Government O&M activities, General Government Capital Projects, General Government Debt Service, and Enterprise Activities.

Preparing the Forms

Detailed instructions for preparing each of the transmittal forms are presented in the 3 that follow. The order in which the forms are prepared is a matter of preference; however, it may be helpful to follow the order presented in Sections 4.3 forward.

The transmittal forms are automated and prepared in Microsoft Excel. The transmit.xls file is unique for each local government and fiscal year. The file contains underlying data specific to the local government such as the prior year data, prior year review comments, and known joint activities.

Entering Data

Each transmittal form is located in a separate sheet within the Excel workbook. The name of each form is on the sheet tabs. To begin entering data, select the desired form and begin keying amounts. The file is password protected to ensure formulas and cell references are not altered. The Auditor of Public Accounts prepares the Comparative Report by automatically uploading the data to the specific Exhibits.

The following basic rules apply when entering data:

- It is not necessary to enter the name of the locality or the fiscal year. These are preloaded into the file.
- Amounts should be entered into all forms without commas or dollar signs.
- Generally all numbers should be entered as a positive amount, except for those entered on Form 50. Recovered costs on Form 050 should always be entered as a negative amount. Also, reclassifications and other adjustments should be entered as a positive or negative number as needed.
- Where formulas are included, avoid copying data from one location to another. This can cause an error due to a change in the necessary cell reference.
- If you get an error in a cell due to an invalid cell reference or some other formula discrepancy that you cannot resolve, you can e-mail the file to the Auditor of Public Accounts to remove the cell reference error and reset the formula.

6. Post Revenue and Expenditure activity from the Fund Statements of the Annual Financial Report to Form 050 (Per Financial Statements) for each fund. Spread Fund activity to appropriate Comparative Report classifications (to right of financial statements column).
7. For each joint activity, obtain Form 110 for operating expenditures, Form 120 operating expenditures for Schools, and Form 310 for capital project expenditures from the fiscal agent. Include the allocated revenue and expenditure information calculated on these forms on Forms 100, 200, and 300, as indicated by the instructions. Post the effects of Forms 110, 120, and 310 to Form 050 for each joint activity.
8. Calculate the effect of accounting principle adjustment(s) and reclassification(s). These adjustments may include: classification of capital project, debt service, and enterprise activities; treatment of internal services and recovered costs; elimination of transfers to School Board and other Component Units, and elimination of interfund transfers within the O&M activity. Post the effect of accounting principle adjustments and reclassifications to Form 050 in the adjustments space provided.
9. Prepare each form according to the instructions provided in Sections 4.3 through 4.15.

10. Complete the Financial Statement/Transmittal Form Reconciliation (Form 050) for both revenues and expenditures.
11. Check the Local Review Form for flags or errors indicated. Post additional data to necessary forms or provide an explanation for pending or unique situations within the locality.
12. Check the "Edit Checks" Form for completeness. Make corrections for errors noted or provide explanations for unique situations within the locality.
13. Check accuracy between forms by reviewing the "verification report", a feature that makes the required comparisons and highlights differences between the forms.
14. Prior to submission to the Auditor of Public Accounts, transmittal forms must be reviewed by an independent auditor. Instructions for the auditor's review are presented in Section 4.16. The Auditor's Report on Applying Agreed-Upon Procedures must be submitted to the Auditor of Public Accounts by ~~November 30~~December 15.
15. The Transmittal file, with an error-free Verify Report, must be submitted to the Auditor of Public Accounts by ~~November 30~~December 15 (in accordance with the Code of Virginia, §15.2-2510). The file should be sent through electronic mail.
16. The Auditor of Public Accounts performs a review of the Comparative Report transmittal data in relation to the locality's Annual Financial Report and the requirements as set forth in the Uniform Financial Reporting Manual. The Auditor of Public Accounts prepares a review comment sheet on each transmittal. If there are errors or misclassifications or questions on the reported amounts, the Auditor of Public Accounts sends the Comment file to the local government and their auditor. The transmittal preparer is required to make the necessary corrections or provide additional explanations and resubmit the transmittal file to the Auditor of Public Accounts by the follow-up due date indicated.

Auditor of Public Accounts Review of Transmittal Forms

Upon receipt of the completed transmittal forms and the locality's final, audited CAFR, the Auditor of Public Accounts commences a review of the forms. The review is designed to determine that the forms are in balance and do not contain errors, misclassifications, or omissions that would materially affect the presentation in the Comparative Report. If the review uncovers significant errors or omissions, the Auditor of Public Accounts will notify the local government or their auditors of the findings and require corrections be made and transmittal file resubmitted. In some cases, the Auditor of Public Accounts may make the adjustment to correct an error that has been noted during our review.

4.3 Form 100 - General Government Functional Expenditures and Sources of Revenue

Form 100 presents detailed data about general government expenditures reported by functional activity. Form 100 includes only a local government's expenditures for general government operations. It does not include expenditures for capital projects (reported on Form 300), debt retirement (reported on Form 400), or enterprise activities (reported on Form 600).

Information related to state and federal categorical aid, state reimbursement for shared expenses, and local charges for services is reported with the expenditure activity to which it relates. The chart of accounts in Chapter 3 is organized to facilitate this "matching" of expenditures and revenues.

The information from Form 100 is compiled in the Comparative Report in Exhibit C, Exhibits C-1 through C-8. The Comparative Report exhibits are discussed in Chapter 5 of this Manual.

Instructions - General

1. The expenditure functions, activities, and elements used in preparing Form 100 are explained in detail in Chapter 3, System of Accounts. Form 100 is organized by function. Activities are listed within each function. Within some activities there are certain reportable elements which are shown separately. In such cases, data about the reportable element is collected on one line. An "other" expenditure line is used to collect all activity expenditures not included in the reportable element(s).

Note: Reportable elements are those expenditure accounts designated in ALL CAPS in Chapter 3.

2. Revenue sources specifically applicable to or generated from the activities reported on Form 100 are also reported on this form in Columns K - M. Refer to the Revenue Chart of Accounts (Sections 3.3) for each activity or reportable element to determine where state and federal aid or charges for services should be reported. Generally, the total sources will not equal net expenditures (Column D).
3. Expenditures must be classified as defined in the Uniform System of Accounts (Chapter 3). If the local government does not use the Auditor of Public Accounts System of Accounts for preparation of its financial statements, certain reclassifications must be made when posting expenditures to the Form 100.

Joint Activity or Joint Element - Column C

4. The Code of Virginia authorizes local governments to act cooperatively to address regional problems or needs. Often regional authorities and boards are created to provide services to several participating local governments. Regional library boards,

regional jails and joint or regional community services boards are common examples. Total revenues and expenditures of the joint activity or element are allocated to participating local governments via Form 110, Form 120, and Form 310. Form 110 allocates total joint activity operating revenues and expenditures for joint activities other than schools. Form 120 allocates total joint school operating revenues and expenditures. It distinguishes between operating and cafeteria fund revenues and reports expenditures by function. Form 310 allocates total sources and uses of funds for joint activity capital projects. Instructions for completion of Forms 110, 120, and 310 are located in Sections 4.4, 4.5, and 4.9, respectively.

5. The fiscal agent (usually the government responsible for accounting for the revenues and expenditures of the joint operation) is responsible for completing the Form 110, Form 120, and Form 310. Each participating local government should follow the instructions in #7 below to report its allocated share of expenditures and revenue sources on Form 100.
6. IF NO JOINT ELEMENTS OR ACTIVITIES EXIST -- Column C (Joint Activities) is left blank and Form 110 and Form 120 is not used.
7. Participating Local Government Instructions - These instructions are for all local governments contributing to a joint activity, regardless of whether the government acts as the fiscal agent:
 - a. Arrange to receive a completed Form 110 and Form 120 from the fiscal agent for each activity or element shared.
 - b. Review the contribution information for your local government shown in Part A: contributions to the joint activity/element. The contribution reported by the fiscal agent is used to allocate all expenditures of the joint activity to the participating governments and should agree to your accounting records.
 - c. Part B: sources of funds for the joint activity/element. This section allocates revenues from sources other than local contributions to each participating government. Activity reported for your government should be posted to your Form 100, Columns K, LP (pass-thru), LD (direct), and M.
 - d. Part C: distribution of net expenditures for the activity to participating governments. The total expenditures for this activity reported for your government by the fiscal agent should be posted to your Form 100, Column C.

Internal Service Activities

8. Internal service funds account for goods or services provided by one department or agency to other departments or agencies of the local government on a cost reimbursement basis.
9. Activities (reportable elements) that qualify for treatment as internal services for the Comparative Report are reported as if they were internal service funds, even if the locality's accounting structure does not include an actual Internal Service Fund.
10. The following services are frequently accounted for in Internal Service funds:
 - Data processing
 - Automotive/motor pool
 - Central purchasing/stores
 - Print shop
 - Risk Management/Self-insurance
11. For preparation of the Comparative Report, the services listed above **MUST** be accounted for as "Internal Service" if they meet the following criteria:
 - a. Over 25% of the department's (element's) expenditures relate to providing internal services to other departments, and
 - b. total expenditures of the internal service exceed \$100,000 exclusive of depreciation or capital outlays.
12. As with any other activity or reportable element, the costs incurred to provide the internal service are reported under the applicable object. Internal service costs, however, are charged out to the benefiting activities on an equitable basis.
13. The activity receiving the service reflects an expenditure under the object Internal Service; the providing activity reflects the revenue from these charges as Recovered Costs. Suggested methods for allocating internal service cost to the activities receiving the services are listed below. These allocation methods should be considered for internal services that do not apply charges on an ongoing basis:

Data Processing	Job Accounting System Clock time (Perhaps separate charge outs for data entry and computer processing) If CRT (on line terminals): # of terminals or # of transactions in each terminal
Automotive/ Motor Pool	Elapsed time and mileage Number of vehicles assigned to a department

Elapsed time
(Rates should cover acquisition costs, operating expenses
and maintenance costs)

Central Purchasing/
Central Store

Requisitions
Purchase orders

Print Shop

Masters
Pages Printed
Standard Rate Schedule

Risk Management

Employees Covered (Health coverage)
Vehicle usage (Auto coverage)
Square footage (Fire, boiler coverage)
Payroll dollars (Workers Compensation)

14. Generally, each of the internal services is a reportable element under General and Financial Administration. If an internal service is not provided under General and Financial Administration (i.e., data processing system within Education), the value of services provided to other activities should be treated as Recovered Costs to the activity actually providing the service.
15. In the internal services, depreciation expense is an allocated expense and no capital outlay expenditures are reported.
16. Any profit or significant deficits of the Internal Service fund should be allocated to the activities charged for the service (netted from Recovered Costs and Internal Service Charges where reported).
17. Inventory in an Internal Service fund is expensed as it is used, not as it is purchased.

Sheriff

18. Activities of Sheriffs' Departments include Courtroom Security; Law Enforcement & Traffic Control; and Correction & Detention. The Sheriff's Department may have any or all three responsibilities in a local government. The expenditures for meeting each of these responsibilities are reported separately in the Comparative Report. It is necessary to allocate the expenditures for the Sheriff's Department in the following manner:
 - a. Courtroom Security, Line 2.12 - Include only the expenditures related to serving all civil or other papers as required by the courts and for providing court security.

- b. Law Enforcement and Traffic Control, Line 3.11 - Include the expenditures related to law enforcement and traffic control. Also include expenditures related to the E-911 System if operated by the Sheriff's office.
 - c. Correction and Detention, Line 3.31 - Include only the expenditures related to the maintenance and operation of the jail and the retention of prisoners.
- 19. Actual salaries of the Sheriff's department employees should be allocated between each of the department's areas of responsibility based on employees' duties and the time spent in each function. Employee benefits should be allocated using the same basis. Other expenses (e.g. contractual services, capital outlays) should be reported with the applicable function they support or allocated similar to employee benefits if not otherwise determinable.
- 20. A ratio of salaries allocated to each activity to total salaries should be developed for the allocated expenditures. These ratios should be used to allocate the state shared expense for the sheriff revenues to Lines 2.12, 3.11 and 3.31 (Column K).

Nondepartmental (Line 8.00)

- 21. The Nondepartmental function category **may only consist of annexation costs, judgments, settlements, and certain donations to towns**. Other costs must be allocated to the appropriate functions and activities.

General Government Service Provided to Enterprise Activity

- 22. If the general government provides a service to an enterprise activity, the enterprise activity should show the fair value of such service as an expenditure (on Form 600) and the general government should reflect that amount as Recovered Costs to the activity providing the service.

Enterprise Service to General Government

- 23. Payments for the fair value of any enterprise services rendered to the general government should be reflected as expenditures on Form 100.

Reconciliation to Other Forms

- 24. The Grand Totals, Line 10.00, MUST agree to amounts presented on other forms as shown below. If forms are not in agreement, applicable errors will be noted on the Verification Report.
 - a. Net Expenditures, Line 10.00, Column D, MUST agree to expenditures for Maintenance and Operations reported on Form 700, Line 5.00.

- b. State Categorical Aid and Shared Expenses, Line 10.00, Column K, MUST agree to the total Shared Expenses and Categorical State Aid reported on Form 700, Line 1.25.
- c. Federal Categorical Aid - Pass-thru, Line 10.00, Column LP, MUST agree to Total Federal Categorical Aid - Pass-Thru reported on Form 700, Line 1.34.9
- d. Federal Categorical Aid - Direct, Line 10.00, Column LD, MUST agree to Total Federal Categorical Aid - Direct reported on Form 700, Line 1.33.9
- e. Charges for Services, Line 10.00, Column M, MUST agree to Charges for Services reported on Form 200, Line 6.00.

4.4 Form 110 - Joint Activity/Element Form

The Code of Virginia encourages local governments to work cooperatively to solve regional problems or provide services regionally. Many local governments have entered into agreements with other local governments to provide general government services regionally and reduce duplicative costs of providing those services. In most cases, these services are funded partly through local appropriations by the participating local governments. In some cases, the joint activity itself has the ability to raise revenues through other sources: federal and state grants, charges for services, private donations, etc.

The Joint Activity/Element Form, Form 110, is used to allocate the total costs and funding sources of general government activities other than schools operated jointly to each of the participating governments. This allocation is made to provide comparability between local governments that provide these services internally with those that have taken a regional approach. Amounts calculated on this form are carried to Form 100 and are reported as Joint Activities/Elements. Joint Schools' activities are allocated to the participating local governments using Form 120, discussed at Section 4.5 of this Manual. Capital Projects related to joint activities are allocated to the participating local governments using Form 310, discussed at Section 4.9 of this Manual.

Joint Activity/Element Defined

An activity or element is considered a joint activity if more than one local government participates in supporting the operations beyond, or in addition to, paying direct user charges for the services received. An activity is also considered joint if participating local governments share the responsibility for policy making, or if this responsibility is delegated to a separate body, such as a regional board. Exclusion from the transmittal forms, and thus the Comparative Report, of joint general government functions such as libraries, jails, schools and mental health services would cause comparisons with other local governments to be

misleading. Joint activities do not include Trust and Agency Funds or other accounts established for which a local government only provides an accounting service.

Activities that are often reported on a Form 110 include joint, regional, or shared:

- Libraries
- Jails
- Juvenile Detention Centers or Group Homes
- Social Service Boards
- Mental Health (Chapter 10) Boards
- Waste Management Services or Landfills
- Dispatch Centers
- Recreation Facilities

General Information

1. The government responsible for maintaining the accounting records for the revenues and expenditures of the joint operation is the "fiscal agent" for the activity. Some joint activities have a fiscal agent who is independent of all participating governments. The fiscal agent, whether a participating government or independent agent, is responsible for completing the Form 110.
2. Joint activities should be audited annually, under either the *Specifications for Audits of Counties, Cities and Towns* or the *Specifications for Audits of Authorities Boards and Commissions*, both issued by the Auditor of Public Accounts. The Form 110 should be prepared from audited financial records.
3. Since it is necessary for the fiscal agent to allocate all the expenditures and sources of funds among the governments involved in the joint operation, the fiscal agent must send the completed Form 110 to each participating government. Participating governments will not be able to complete Form 100 without the information from Form 110 prepared by the fiscal agent. Participating governments are responsible for following up with the fiscal agent and obtaining the Form 110 for inclusion in their locality's transmittals for comparative reporting.
4. Sources and uses of funds (federal, state, local, or private) used for joint activity capital projects should be reported on the Form 310. Capital projects should NOT be included on Form 110.

Instructions - General

5. Form 110 is divided into three parts. The fiscal agent must complete Parts A through C. Each participating government incorporates Form 110 into its transmittal forms.

Instructions for Fiscal Agents**6. Part A: CONTRIBUTIONS TO THE JOINT ACTIVITY/ELEMENT**

This section calculates the percentages used to allocate total revenues and expenditures of the activity to the participating governments. The percentages are based on each local government's proportionate share of total local contributions.

A. List the fiscal agent in the "Participants" column on line 1.00 and participating governments on lines 1.10 through 1.19. Space is provided for up to 10 participating governments.

If none of the participating governments act as the fiscal agent for the activity, leave line 1.00 blank.

If there are more than 10 participating governments, list counties first, then cities, then large towns. Small towns (those with a population less than 3,500) may be grouped together and listed as "other towns".

B. The contribution from local sources for each participating government should be entered in the "Amount of Contributions" column. Local contributions include both general appropriations made pursuant to an agreement of the participants, and direct charges for services to the participating governments (e.g., per diem charges). Reimbursements for housing prisoners should not be included when determining the amount of contribution.

C. The proportionate contribution by each participating government will normally be the basis for allocating total sources and expenditures in Parts B and C. However, if the members of the joint activity/element mutually agree, different allocation percentages can be used to achieve a more accurate distribution of expenditures and revenues. If allocation percentages are computed on a basis other than local contributions, an explanation of the basis used should be provided.

7. Part B: SOURCES OF FUNDS FOR THE JOINT ACTIVITY/ELEMENT

In Part B, sources of funds other than local contributions from participating governments are allocated based on the contribution percentages calculated in Part A.

A. List TOTAL revenues from each source listed on Lines 2.10 through 2.60. The preparer (fiscal agent) should contact participating governments to determine all state and federal categorical aid they received to support operating expenses for this activity. The categorical aid of all participating

localities should be totaled with the state and federal aid for operations received by the fiscal agent.

B. The percentages computed in Part A, for the Fiscal Agent through Other Participating Government #10, are reported at the top of each column on Line 2.00. Revenues are allocated by applying these percentages to each revenue source for each participating government on Lines 2.10 through 2.60.

8. **Part C: DISTRIBUTION OF NET EXPENDITURES FOR THE ACTIVITY TO PARTICIPATING GOVERNMENTS**

A. Enter the total expenditures for the joint operation as a separate entity on Line 4.10, Total column. Total expenditures should include capital outlay, but exclude capital projects and debt service. Enter recovered costs for the joint operation on Line 4.20, Total column. Recovered Costs include all charges made on a per unit basis for services provided to non-participating local governments or the state government. Charges to individuals for services provided are not included in Recovered Costs.

B. The percentages computed in Part A, for the fiscal agent and each participating government are reported on Line 4.00. Allocated expenditures and allocated recovered costs for each participating government are calculated by applying the percentages on Line 4.00 to total expenditures on Line 4.10 and total recovered costs on Line 4.20.

C. The local contributions for each participating government as listed in Part A on Line 4.30 less recovered costs (Line 4.20) and local contributions (Line 4.30) result in allocated expenditures on Line 4.99.

9. The Preparer should put their Name and Telephone number on the completed Form 110 and send a copy to each participating locality.

Instructions for Participating Governments

10. After receiving the completed Form 110 from the fiscal agent, each participating government must add allocated expenditures and revenues to its transmittal forms. Post allocated revenues on Lines 2.10 through 2.99 to the appropriate form and lines using the instructions on the bottom of the Form 110. Post allocated expenditures computed on Line 4.99 to the appropriate form and lines using the instructions on the bottom of the Form 110. To determine which line to post the activity to on Form 100, refer to the information below.

Line	Post to Form 100
Jails, Adult Detention Facilities	3.32
Juvenile Detention Facilities and Group Homes	3.32
E-911 or Emergency Dispatch Centers	3.50
Waste Management Services or Landfills	4.20
Mental Health (Community Services) Boards	5.20
Social Services Boards	5.32
Park and Recreation Facilities	6.10
Libraries	6.30

11. There are five separate Form 110 sheets in the transmittal workbook. A separate form is required for each joint activity. If the local government participates in more than five joint activities and needs additional Form 110 sheets, they can obtain a file with blank joint activity forms from the Auditor of Public Accounts web site.

Reconciliation to Other Forms

12. Amounts calculated on Lines 2.50 and 2.60 MUST be posted to Form 200, Lines 5.10 and 7.30, respectively.
13. Amounts calculated on Line 4.99 MUST be posted to the appropriate line of Form 100, Column C.
14. Amounts from Form 110, Lines 2.99 and 4.99 MUST be reflected as adjustments for joint activities on Form 050 (General Government O & M column).

4.5 Form 120 - Joint Activity/Element Form for Schools

Special Procedures for Joint School Systems

The Commonwealth supports each locality's public school system under the Financial Assistance for Instruction Assistance - Standards of Quality program. Under this program, a minimum per student amount that each locality must spend is computed. The Commonwealth provides a portion of this amount as Basic School Aid. A joint school system with a locality as a fiscal agent should include Basic School Aid in the local contributions reported for each participating government in Part A of Form 120 for purposes of computing the allocation percentages. Basic School Aid should be excluded from the total state categorical aid allocated to participating governments on Line 2.10. Participating governments should report Basic School Aid directly on Form 100, Column K and add other allocated state categorical aid from Form 120 to that total.

The general information for the Form 120 is similar to the Form 110. Participating governments should refer to the information on the preparation of the Form 110 included in Section 4.4. Additionally, there are posting instructions on Form 120 for the participating government to follow.

4.6 Form 200 - Local Revenue Form

The Local Revenue Form, Form 200, presents data on revenues from local sources except revenues from enterprise activities (reported on Form 600). Data from this form is compiled in Exhibits B and B-2 of the Comparative Report. The Comparative Report exhibits are discussed at Chapter 5 of this Manual.

Instructions- General

1. The format of Form 200 follows the local revenue accounts as defined in the Revenue System of Accounts, Section 3.3.

General Property Taxes

2. General property taxes reported on Lines 1.00 through 1.99 represent current and delinquent taxes collected and the amounts accrued in accordance with generally accepted accounting principles for modified accrual.
3. General property taxes include revenue which would have been received if property taxes for the elderly and/or handicapped had not been abated. (The amount of abatements in relief for the elderly/handicapped should be reported as an expenditure on Form 100, Line 5.31.)
4. Personal property taxes reported on Line 1.31 does not include the Commonwealth's portion of personal property taxes on qualifying vehicles paid to the local government under the Personal Property Tax Relief Act. The Commonwealth's portion is reported as Non-categorical state aid on Form 700, Line 1.22.4.
5. Penalties and interest collected on all general property taxes are reported in total on Lines 1.43 and 1.44, respectively. Penalties and interest related to land redemptions are included in real property taxes (Line 1.10).

Other Local Taxes

6. Franchise Taxes, Line 2.30.2, are taxes collected from public service corporations as a utility license tax. The franchise designation stems from the exclusive right to service an area. Franchise taxes should only be reported on Line 2.30.2 and not included with Consumer Utility taxes or Business License Taxes.

7. Taxes on Recordations and Wills, Line 2.30.5, do not include the locality's 1/2 share of the state grantor's tax on deeds. This share of the tax is revenue from the Commonwealth, and should be reported as Non-Categorical State Aid on Form 700, Line 1.22.3, Tax on Deeds (Grantor's Tax).
8. The E-911 Emergency Telephone Service Tax provided by Code of Virginia, §58.1-802 is a tax and should be reported on Line 2.30.13. Do not include this tax in Charges for Services.

Reconciliation to Other Forms

The following totals are reconciled automatically through the Verification Report process.

9. Charges for Services, Line 6.00, MUST agree to Total Charges for Services reported on Form 100, Line 10.00, Column M.
10. Total Local Revenue, Line 10.00, MUST agree to the amount reported for Local Revenue on Form 700, Line 1.10.

4.7 Form 700 - General Government Summary Form

The General Government Summary Form, Form 700, is used to summarize the total funds available to a local government for general government and the total expenditures by a local government, including transfers. Many of the amounts reported on this form are totals automatically carried forward from other forms. Each of these amounts is cross-referenced to the applicable Form and Line numbers.

The data from this form is compiled at Exhibit A and Exhibit B-1 of the Comparative Report. The Comparative Report exhibits are discussed at Chapter 5 of this Manual.

Instructions - Revenue from the Commonwealth and Federal Government

1. The format of Form 700 follows the commonwealth and federal revenue account classification of revenues as set forth in the Uniform System of Accounts, Section 3.3 of this manual.
2. Revenues reported on Form 700 include only those for general government use. Revenues related to enterprise activities are reported on Form 600. Revenues specifically designated for capital projects are reported on Form 300. Revenues for debt service are reported on Form 400.
3. Non-categorical aid is revenue from the state or federal governments that is not specifically designated for use for a specific purpose. Categorical aid refers to revenue that is designated for a particular use. Reimbursements from the State Compensation

Board for a portion of the salaries of constitutional officers are considered categorical aid.

Reconciliation to Other Forms**General Government Funds Available**

The following totals are reconciled automatically through the Verification Report process.

1. Local Revenue, Line 1.10 MUST agree to Form 200, Line 10.00.
2. The total of Shared Expenses and Categorical State Aid, Line 1.25, MUST agree to Form 100, Line 10.00, Column K.
3. Total Federal Categorical Aid MUST agree to Form 100 as follows:
 - a. Direct Funds, Line 1.33.9, MUST agree to the amount reported on Form 100, Line 10.00, Column L (Direct).
 - b. Pass-Thru Funds, Line 1.34.9, MUST agree to the amount reported on Form 100, Line 10.00, Column L (Pass-Thru).

Transfers from Other Funds

4. Transfers from Capital Project Funds to General Government, Line 3.10, MUST agree to Form 300, Line 11.10.
5. Transfers from Debt Service Funds to General Government, Line 3.20, MUST agree to Form 400, Line 7.00.
6. Transfers from Enterprise Activity Funds to General Government, Line 3.30, MUST agree to Form 600, Line 1.32.
7. Total General Government Funds Available, Line 4.00, MUST agree to Form 050, Total Revenues, General Government O&M

General Government Expenditures (including transfers)

8. Maintenance & Operations Expenditures, Line 5.00, MUST agree to Form 100, Line 10.00, Column D.
9. Transfers to Capital Projects Funds, Line 6.10, MUST agree to Form 300, Line 6.00.
10. Transfers to Debt Service Funds, Line 6.20, MUST agree to Form 400, Line 2.10.
11. General Government transfers and contributions to support capital projects of Enterprise Activities, Line 6.32.1, MUST agree to Form 600, Line 4.20

12. Transfers and contributions to support capital projects of Enterprise Activities of other localities and authorities, Line 6.32.2, MUST agree to Form 610, Line 2.99.
13. General Government transfers and contributions to subsidize operations of Enterprise Activities, Line 6.31.1, MUST agree to Form 600, Line 1.31
14. Transfers and contributions to subsidize operations of Enterprise Activities of other localities and authorities, Line 6.31.2, MUST agree to Form 610, Line 1.99.
15. Total General Government Expenditures, Transfers and Contributions, Line 7.00, MUST agree to Form 050, Total Expenditures, General Government O&M.

4.8 Form 300 - General Government Capital Projects

The General Government Capital Projects Form presents data on all capital projects of the general government, including capital projects for the local school division. Enterprise activity capital projects should be reported on Form 600, Enterprise Activity. Information from this form is compiled at Exhibit D of the Comparative Report. The Comparative Report exhibits are discussed in Chapter 5 of this Manual.

Instructions - General

1. Sources and applications of funds for capital projects are classified into three functional categories: Education; Streets Roads and Bridges; and Other General Government. Capital projects for the Education function should be reported as Education regardless of whether they are reported by the local government or the School Board. Capital projects related to Enterprise Activities are reported on Form 600 and are not included on this form.
2. A capital project is defined as an expenditure of funds for the acquisition of land and buildings or the construction of major facilities having a relatively long life. Examples of capital projects include buildings and new streets, roads and bridges. Major improvements that increase the useful life of structures are also treated as capital projects, except for improvements to existing streets, roads and bridges.
3. Costs of furnishing a new building for initial use may be included in the total capital projects costs reported on Form 300. All general government capital project expenditures should be reported on this form regardless of which fund is financing the project.
4. It is important to distinguish between capital projects reported on this form and capital outlay reported on Form 100. Capital outlay is the acquisition of tangible personal property items including furniture, equipment and vehicles. Improvements such as

resurfacing and adding drainage curbs to existing streets, roads, bridges and sidewalks are considered capital outlay under the general government activity Maintenance of Highways, Streets, Bridges and Sidewalks. It is not appropriate to include capital outlay expenditures on Form 300.

5. Sources and applications for capital projects should be reported separately for: education; streets, roads and bridges; and other general government. Major sources of funding include debt proceeds, state or federal grants, and general government "transfers".

Sources of Capital Project Funds

6. State and federal grants for capital projects, Lines 1.00 and 2.00 respectively, include all grants specifically designated for a capital project. Although the local government may account for capital project grant money in the General Fund or in a specific grant fund, such grants should be reported on this form as direct sources of funds.
7. Debt proceeds for Capital Projects should be reported on Line 3.00 in the column for the applicable function: Education; Streets, Bridges, and Roads; or Other General Government. If the Debt proceeds are received for school construction, it should be reported with the Education function regardless of whether it is reported in the local government or School Board's Financial Report. Lease proceeds relating to land or buildings are reported on Form 300, Line 3.00. However, lease proceeds for equipment, furniture, or vehicles are **not** considered as "capital projects" for Form 300 and instead should be reported on Form 700, Line 2.41.
8. Interest income on funds held for capital projects should be reported on Line 4.00 of this form, even if accounted for in the General Fund or a Special Revenue Fund.
9. Transfers from General Government to Capital Projects (Line 6.00) should include actual transfers made to capital projects funds as well as an amount equal to capital project expenditures made directly from the General Fund or other funds. Recommended adjusting entries have been outlined under the heading, "Annual Financial Report and Transmittal Differences", of this section.

Application of Capital Project Funds

10. If a local government makes capital outlay expenditures, not related to the initial furnishing of a new building, from capital project funds, the expenditures should be reported as transfers to general government on Line 11.10. Capital outlay expenditures are recorded on Form 100.
11. Expenditures made to acquire a capital facility as a result of an annexation agreement should be reflected as "Payment for Value of Public Improvements", Line 12.10.

Annual Financial Report and Transmittal Differences

The source of financing and whether general government capital project activity is recorded in a Capital Projects Fund in the Annual Financial Report will influence reporting on Form 300 and Transmittal Reconciliation Form 050. Three possible conditions (or a combination thereof) exist. The conditions and recommended reporting are as follows:

A. *DEBT PROCEEDS OR A STATE OR FEDERAL GRANT AND RELATED CAPITAL EXPENDITURES ARE RECORDED DIRECTLY IN A CAPITAL PROJECTS FUND IN THE ANNUAL FINANCIAL REPORT.*

Revenues and expenditures should be reported directly in Capital Projects on both Form 300 and Form 050. No further adjustment is necessary.

B. *DEBT PROCEEDS OR A STATE OR FEDERAL GRANT FOR A CAPITAL PROJECT AND RELATED CAPITAL EXPENDITURES ARE RECORDED IN THE GENERAL FUND OR THE SPECIAL REVENUE FUND IN THE ANNUAL FINANCIAL REPORT.*

Revenues and expenditures should be reported as direct sources of funds and capital project expenditures on Form 300. The revenues and expenditures should be reclassified from General Government O&M to General Government Capital Projects on Form 050

C. *GENERAL GOVERNMENT REVENUES RECORDED IN THE GENERAL FUND OR IN A SPECIAL REVENUE FUND IN THE ANNUAL FINANCIAL REPORT ARE USED TO FINANCE CAPITAL PROJECTS. RELATED CAPITAL EXPENDITURES ARE ALSO REPORTED IN THE GENERAL FUND OR IN A SPECIAL REVENUE FUND.*

The expenditures should be reported on Form 300. A transfer from General Government O&M to General Government Capital Project should also be reported on Form 300. A transfer is appropriate because the capital project is financed by general government revenue which was not collected specifically for this capital project. On Form 050, the expenditure should be reclassified from General Government to Capital Projects. An adjustment should be made to show a transfer from General Government and a transfer to Capital Projects.

Joint Activity Capital Projects

Local governments participating in joint activities with capital projects must add the effects of Form 310 to the activity reported on Form 300. Instructions for adding allocated non-local revenues and capital expenditures are in Section 4.9. Adjustments to amounts reported by the participating government for contributions to these joint activities may be needed as well.

Capital projects may involve expenditures made over a number of years. Also there may be timing differences between contributions made by local governments and the expenditure for capital projects. Since the allocated expenditures computed on Form 310 include amounts contributed by the participating local governments, contributions should not be reported as expenditures by the contributing government. Instead the expenditure is reported in the year the expenditure is allocated.

Local governments making capital contributions from the general or special revenue funds should reflect a transfer from General Government on Line 6.00 and on Form 700, but should not report expenditures on Line 10.00 for the contribution itself. The expenditure is recognized in the period(s) reported on Form 310.

A local government making capital contributions from a capital projects fund to a joint activity should report sources of funds on Lines 1.00 through 9.00, but should not report expenditures on Line 10.00 for the contribution to the joint activity. Again, the expenditure is recognized in the period(s) reported on Form 310.

Reconciliation to Other Forms

The following totals are reconciled automatically through the Verification Report process.

1. Transfers from General Government, Line 6.00, MUST agree to the amount reported on Form 700, Line 6.10.
2. Total Sources for Capital Funds, Line 9.00 MUST agree to the total reported on Form 050 - Revenue for General Government Capital Projects.
3. Transfers to General Government, Line 11.10 MUST agree to the amount reported on Form 700, Line 3.10.
4. Transfers to Debt Service, Line 11.20 MUST agree to the amount reported on Form 400, Line 2.20.
5. Total Application of Capital Projects Funds reported on Line 13.00 MUST agree to the total reported on Form 050 - Expenditures for General Government Capital Projects.

4.9 Form 310 - Joint Activity/Element Capital Projects Form

The Joint Activity/Element Capital Projects Form, Form 310, should be completed when a joint activity has acquired, constructed or made capital improvements to land or permanent facilities. The objective of this form is to identify the total federal, state, local and private sources of funds available for capital projects of the joint activity and to allocate those sources and related expenditures to each participating government.

Section 4.4 provides a general discussion of joint activities, participating governments and fiscal agents, and should be reviewed in connection with the instructions in this section.

Form 310 should be completed by the fiscal agent for the joint activity. The completed form should be distributed to each of the participating governments. Participating governments should coordinate with the fiscal agent to ensure the completion of the form for inclusion in the locality's transmittal forms.

Instructions - Fiscal Agent

1. Form 310 should include only those sources and uses of funds for capital projects. Sources and uses of funds for joint activity operating expenses should be reported on Form 110, discussed in Section 4.4 of this Chapter.
2. In most cases, the allocation of sources and uses of funds for joint activity capital projects is based on the proportion of contributions computed at Form 110, Part A. However, if the members of the joint activity mutually agree, different allocation percentages can be used to achieve a more accurate distribution of non-local sources of funds for joint activity capital projects. When the percentage of participation in capital projects differs from the allocation percentages for operating expenditures computed on Form 110, an explanation of the basis for allocating capital project expenditures should be provided.

Part A: Participating Localities

3. List each participating government in the space provided at Lines 1.00 through 1.19. In the Capital Contributions column, enter the amount of contributions made by each participating government during the current year.
4. Enter the participation percentage for each government in the percentage column. Normally this percentage will agree to the percentages computed on Form 110, Part A, or be established in the agreement establishing the joint activity. Current year contributions entered in Item #3, above, may or may not be proportionate to the percentages entered in this column. Differences may exist in the timing of contributions by participating governments over a multi-year project.

Part B: Sources and Uses of Capital Funds for Joint Activity/Element

5. Carry Contribution Percentages from Part A, for each participating government to the column headings in Part B.
6. Enter total sources of funds from state and federal grants, debt proceeds, and interest earnings on capital funds on lines 2.10 through 2.40. For each participating government, calculate the allocated sources of funds by multiplying the Contribution percentage by the totals entered on Lines 2.10 through 2.40.

7. Enter total expenditures for capital projects by the joint activity on Line 3.10. For each participating government, calculate the allocated expenditures for capital projects by multiplying the contribution percentage by the total entered on Line 3.10.
8. The Preparer should put their Name and Telephone number on the completed Form 310 and send a copy to each participating locality.

Instruction - Participating Governments

1. After receiving the completed Form 310 from the fiscal agent, each participating government must add allocated sources and uses to its transmittal forms. Allocated sources and uses should be added to Form 300 as follows:

Source or Use:	Computed at <u>Form 310</u>	Add to <u>Form 300</u>
State grants	Line 2.10	Line 1.00
Federal grants	Line 2.20	Line 2.00
Debt proceeds	Line 2.30	Line 3.00
Interest revenue	Line 2.40	Line 4.00
Expenditures	Line 3.10	Line 10.00

2. In addition, allocated sources and uses must be reflected as an adjustment to Form 050 (Capital Projects Column) for Joint Activities Capital Projects, as follows:

Source or Use:	Computed at <u>Form 310</u>	Adjust <u>Form 050</u>
Total Sources	Line 2.99	Revenues (page 1)
Expenditures	Line 3.10	Expenditures (page 2)

4.10 Form 400 - Debt Service for General Government

Form 400 reports the retirement of principal and interest on general government debt. Form 400 includes all general government debt activity (including refundings), whether or not accounted for in a debt service fund. All enterprise debt service should be reported on Form 600, Enterprise Activity Form. Data from this form is compiled at Exhibit E of the Comparative Report. The Comparative Report exhibits are discussed at Chapter 5 of this Manual.

Instructions - General

1. Sources and applications of funds for debt service are classified into three categories: Education; Streets, Roads and Bridges; and Other General Government. Debt Service expenditures for the Education function should be reported as Education regardless of whether they are reported by the local government or the School Board. Debt

interest expense related to Enterprise activities is reported on Form 600 and is not included on Form 400.

Sources of Funds

2. Direct Sources of Funds consist primarily of debt proceeds from refunding of bonds, Line 1.10, and interest income on investments, Line 1.20. Special Assessments for debt service should be listed on Line 1.30.
3. General tax revenue earmarked for debt service should be reported as a transfer from General Government, Line 2.10. The tax revenue is reported as general government revenue on Form 200, and as a transfer from General Government to Debt Service on Form 400 and Form 700.
4. "Payments from Other Local Governments and Authorities," Line 3.00, should include payments specifically for debt service costs. Include only payments for debt service that another local government has agreed to pay. Do not include direct user charges or general contributions from other localities. Payments for debt redemption received from another local government as a result of annexation should NOT be included here. These principal and interest payments should be reported on lines 5.13 and 5.23, respectively.

Application of Debt Service Funds

5. The applications of debt service funds only include payments for redemption of general government debt, interest costs and payments to other local governments or authorities (non-enterprise) for a portion of their debt service costs. For bond refundings, the Other Financing Use "payment to escrow" amount should be classified on line 5.10 (do not classify this amount on Line 8.00 "Other"). Since this is a payment to retire the old debt, this amount should be included on line 5.10 in order to correctly show in Comparative report exhibit.
6. Capital lease debt redemption is reported on Form 400, lines 5.12 and 5.22. Do not include operating lease payments; these are reported as operation and maintenance expenditures on Form 100.
7. Payments received from another locality for assumed debt (usually as a result of annexation) should be shown on lines 5.13 and 5.23 as a reduction of direct payments.
8. Payments to another local government as a result of annexation proceedings should be reported on Line 6.30, for loss of net tax revenue, or Line 6.40, for assumed debt.
9. "Payments to Other Local Governments and Authorities," (Line 6.99), include payments specifically designated to help pay general government debt service costs

of another local government. Payments to other local governments or authorities for enterprise activity debt should be reported on Form 610.

Annual Financial Report and Transmittal Differences

Some local governments do not have a separate Debt Service Fund. These localities record debt service payments, including capital leases, in the General Fund or Special Revenue Fund. This is acceptable for Annual Financial Reporting; however, for comparative reporting the expenditures must be reclassified. The source of funding and whether general government debt service activity is recorded in the Debt Service Fund in the Annual Financial Report will influence reporting on the Form 400 and the Transmittal Reconciliation Form 050. Three possible conditions (or combinations thereof) exist. The conditions and recommended reporting are as follows:

A. *SOURCES AND USES OF FUNDS DESIGNATED SPECIFICALLY FOR DEBT SERVICE ARE RECORDED DIRECTLY IN A DEBT SERVICE FUND IN THE ANNUAL FINANCIAL REPORT.*

Revenues and expenditures should be reported directly in Debt Service on both Form 400 and Form 050. No further adjustment is necessary.

B. *SOURCES AND USES OF FUNDS DESIGNATED SPECIFICALLY FOR DEBT SERVICE ARE RECORDED IN THE GENERAL FUND OR THE SPECIAL REVENUE FUND IN THE ANNUAL FINANCIAL REPORT.*

Revenues and expenditures should be reported as debt service on Form 400. The revenues and expenditures should be reclassified from General Government O&M to General Government Debt Service on the Form 050.

C. *GENERAL GOVERNMENT REVENUE RECORDED IN THE GENERAL FUND OR IN A SPECIAL REVENUE FUND IN THE ANNUAL FINANCIAL REPORT ARE USED TO FINANCE DEBT SERVICE. RELATED EXPENDITURES ARE ALSO REPORTED IN THE GENERAL FUND OR A SPECIAL REVENUE FUND.*

The debt service expenditures should be reported on Form 400. A transfer from General Government O&M to General Government Debt Service should also be reported on the Form 400 and Form 700. A transfer is appropriate because the debt service payment is financed by general government revenue which was not collected specifically for debt service. On Form 050, the expenditure can be reclassified from General Government to Debt Service. An adjustment should be made to show a transfer from General Government and a transfer to Debt Service.

Reconciliation to Other Forms

The following totals are reconciled automatically through the Verification Report process.

1. Total Sources of Debt Service Funds, Line 4.00, MUST agree to the total reported on Form 050 - Revenue, Debt Service.
2. Total Application of Debt Service Funds, Line 9.00, MUST agree to the total reported on Form 050 - Expenditures, Debt Service.
3. Transfers from General Government (Line 2.10) MUST agree to Form 700, Line 6.20.
4. Transfers from Capital Projects (Line 2.20) MUST agree to Form 300, Line 11.20.
5. Transfers to General Government (Line 7.00) MUST agree to Form 700, Line 3.20.

4.11 Form 500 - Summary of Outstanding Debt Form

The Summary of Outstanding Debt Form, Form 500, reports all debt outstanding for the locality as of the end of the year, classified by functional categories. Outstanding debt includes all debt for general government (**to include any reported discrete component units of the locality**), schools, and enterprise activities. The **current and long-term portion** of long-term and short-term debt, contractual obligations, and judgments, claims, compensated absences, and pension (GASB 68) and OPEB obligations should be reported on this form. Amounts accumulated for debt retirement are also reported on Form 500. Preparer should refer to additional items listed on the Form 500 which should be included on the form. Accrued items such as trade accounts payable and fiduciary funds are excluded. Data from this Form is compiled at Exhibit G of the Comparative Report. The Comparative Report exhibits are discussed in Chapter 5 of this Manual.

Instructions

SCHEDULE A: Balance of Total Outstanding Debt

1. List gross debt by type of debt instrument or obligation in Schedule A of the form.
2. Bond anticipation loans are short-term notes issued by a locality in anticipation of the issuance of long-term bonds at a later date. Bond anticipation loans are repaid from proceeds of the related bond issue. They are reported on Line 1.30.
3. Capital leases are reported on Line 3.10.
4. Assets accumulated for the retirement of debt principal and debt assumed by other local governments (due to annexation) should be subtracted on lines 6.00 and 6.50 from gross outstanding debt (Line 5.00) to compute net debt.

SCHEDULE B: Gross Debt by Function/Enterprise

5. Classify Gross Debt (amount from line 5.00) into major functional categories in Schedule B:

Line 8.00	Education
Line 9.00	Streets, Roads and Bridges
Line 10.00	Other General Government
Lines 11.05 - 11.60	Enterprise Activities

NOTE: Total Gross Outstanding Debt, Line 5.00 MUST agree to Total Gross Debt by Function/Activity, Line 12.00.

Enterprise activities are defined in Section 4.12 of this Manual. These activities are treated as enterprise activities even if the local government does not account for them in an enterprise fund.

4.12 Form 600 - Enterprise Activity Provider Form

The Enterprise Activity Provider Form, Form 600, collects data on each enterprise activity that a local government operates. If a locality contributes to an enterprise activity operated by another local government or authority (not included in the reporting locality's Annual Financial Report), the Enterprise Activity Contributor Form, Form 610, is completed to report these contributions. Instructions for Form 610 are found in Section 4.13 of this chapter.

Summary information from Form 600 is compiled at Exhibit F of the Comparative Report. The Comparative Report exhibits are discussed in Chapter 5 of this Manual.

Identifying Enterprise Activities

For comparative reporting, the Auditor of Public Accounts has identified thirteen activities that MUST be reported as enterprise activities on Form 600. This form must be completed for each listed activity operated by a local government regardless of whether the activity is accounted for in enterprise fund, a separate fund (not using enterprise accounting) or within the general fund. The thirteen enterprise activities are listed below:

1. Water & Sewer*
2. Water*
3. Sewer*
4. Transportation (including parking lot/garage & expressway)
5. Airports
6. Electricity
7. Nursing Homes
8. Coliseums (including arenas, auditoriums, and stadiums)

9. Steam Plants
10. Gas
11. Harbors/Ports
12. Hospitals
13. Communications services provided to users for telephone, internet, cable television, and fiber optics.

***Note: If the locality operates a local stormwater utility program, this activity should not be included as part of the Form 600 Enterprise Activities. Stormwater utility revenue and expenditure activity should be reported as General Government for Comparative Report purposes. Report the stormwater expenditure activity at Column A on Form 100, line 4.20 (Sanitation and Waste Removal). Report the stormwater fee revenues at Column M “Charges for Services” on Form 100, line 4.20. Any other revenues should be reported as “Miscellaneous” on Form 200, Line 7.30.**

This form should be completed for all enterprise activities operated by the local government, or included in the local government's reporting entity for Annual Financial Reporting. Activities not identified as enterprise activities above should be treated as general government for comparative reporting.

Annual Financial Reporting and Transmittal Reporting

The method of reporting enterprise activities in the Annual Financial Report will influence reporting on Form 600. Three possible conditions or combinations thereof exist. The conditions and comparative reporting requirements are as follows:

A. *THE LOCALITY OPERATES AN ENTERPRISE ACTIVITY FROM THE LIST ABOVE AND REPORTS IT AS AN ENTERPRISE FUND IN THE ANNUAL FINANCIAL REPORT.*

Enterprise revenues and expenses should be reported directly as an enterprise activity on both Form 600 and Form 050. No further adjustment is necessary.

B. *THE LOCALITY OPERATES AN ENTERPRISE ACTIVITY FROM THE LIST ABOVE AND REPORTS IT IN GENERAL FUND OR SPECIAL REVENUE FUND IN THE ANNUAL FINANCIAL REPORT.*

Enterprise revenues and expenses MUST be reclassified for comparative reporting on Form 600 rather than as General Government on Forms 100, 200, and 700. In addition capital projects and debt service related to the activity typically associated with a cash flow for capital and related financing activity section will not be reported on any of the forms, including Forms 300 and 400. These reclassifications should be reported on Form 050 as a reconciliation to the financial statements.

C. *THE LOCALITY OPERATES AN ACTIVITY OTHER THAN THOSE LISTED ABOVE AND REPORTS IT AS ENTERPRISE FUNDS IN THE ANNUAL FINANCIAL REPORT.*

Revenues and expenses for enterprise funds that are not among the thirteen activities identified for Comparative Reporting MUST be reported in the transmittals as General Government. Adjustments must be made to reclassify operating expenses to Form 100, local revenues (primarily charges for services) to Form 200, capital projects to Form 300, and debt service to Form 400. DO NOT REPORT THESE ACTIVITIES ON FORM 600.

Instructions - General

1. Form 600 has been designed with one column for each activity identified as an enterprise activity for the Comparative Report. Complete the appropriate column of Form 600 for each activity operated by the local government, or included in the local government's Annual Financial Report as a component unit.
2. Identify whether each enterprise was reported in the locality's Annual Financial Report as an Enterprise Fund, a separate fund, or within the General Fund. Report reclassifications on Form 050, if applicable.

Operating Revenues and Expenses

3. Revenue from local service charges, Line 1.10, includes revenue from user charges for services provided within the reporting jurisdiction. This includes services to general government and other enterprise activities of the government.
4. Non-local service charges include charges for services provided outside the jurisdiction of the local government and are reported on Line 1.20. If the activity does not provide services outside the local jurisdiction, Line 1.20 should be left blank.
5. Transfers from the general government to the enterprise activity, except charges for services to the general government, are reported on Line 1.31.
6. Transfers from the enterprise activity to the general government, except payments in-lieu of taxes, are reported on Line 1.32. Payments in-lieu of taxes to the general government should be included as other expenses on Line 2.30.
7. Contributions from other local governments to support the operations of the enterprise activity(ies) are reported on Line 1.40. Contributions to subsidize interest expenses should be included in this amount. Capital project or debt principal subsidies, and other capital contributions should be excluded.

Reconciliation to Other Forms

The following totals are reconciled automatically through the Verification Report process.

8. Transfers from the general government to the enterprise activities, Line 1.31 (Total), MUST agree to the amount reported on Form 700, Line 6.31.1.
9. Transfers from the enterprise activity fund to the general government, Line 1.32 (Total), MUST agree to the amount reported on Form 700, Line 3.30.
10. Operating Revenue from Direct Charges and Contributions, Line 1.99 (Total), MUST agree to Total Enterprise Activity - Revenue reported on Form 050 (page 1).
11. Total expenses, Line 2.99 (Total), MUST agree to Total Enterprise Activity - Expenditures reported on Form 050 (page 2).

4.13 Form 610 - Enterprise Activity Contributor Form

The Enterprise Activity Contributor Form, Form 610, reports contributions made by a local government to enterprise authorities, boards, and commissions (other than those included on Form 600) or to another local government for support of operating expenses, capital contributions, and debt retirement. The payments should be for services that provide general benefit to the citizens of the contributing locality.

This form does not include payments for direct user charges (for example, payments for a water bill payable to another locality). Direct user charges are a general government expenditure and should be included on Form 100. Summary information from this form is compiled at Exhibit F of the Comparative Report. The Comparative Report exhibits are discussed in Chapter 5 of this Manual.

Identifying Enterprise Activities

The Auditor of Public Accounts has identified thirteen activities defined as enterprise activities for comparative reporting. See Section 4.12 on Form 600 for a list of the thirteen enterprise activities. All other activities are treated as General Government activities for comparative reporting.

Instructions - General

1. Form 610 has been designed with one column for each activity identified as an enterprise activity for the Comparative Report. Complete the appropriate column of Form 610 for each activity contributed to by the local government.

Reconciliation to Other Forms

The following totals are reconciled automatically through the Verification Report process.

2. Total contributions to other local governments and authorities for operating expenses, Line 1.99 (Total) MUST agree to the amount reported on Form 700, Line 6.31.2.

3. Total contributions to other local governments and authorities for capital and debt service, Line 2.99 (Total) MUST agree to the amount reported on Form 700, Line 6.32.

4.14 Form 050 - Financial Statement/Transmittal Reconciliation Form

For comparative reporting, financial data must be summarized in specified reporting categories in accordance with the uniform system of accounts as described in this manual. Because each locality, while encouraged, is not required to use the same principles and practices for its budgeting and accounting, differences may exist between amounts reported in a locality's annual financial statements and the Comparative Report.

The Financial Statement/Transmittal Form Reconciliation, Form 050, is a summary reconciliation between a locality's annual financial statements and its comparative report transmittal forms. Through this reconciliation, the locality:

1. identifies differences between its financial statements and the Comparative Report (accounting principles, classifications and reporting entity differences); and,
2. documents the tie-in between the two reports.

Two reconciliations are prepared: one for revenues, transfers and other additions; and one for expenditures, transfers and other deductions. These reconciliations are prepared for each of the four major types of activities: General Government Operations and Maintenance (O&M), General Government Capital Projects, General Government Debt Service, and Enterprise Activities.

This Section provides instructions for preparing the reconciliations. References have been made to instructions in other sections of this Chapter where practical. Normally, the preparer will find it easier to prepare this reconciliation concurrent with the completion of the other transmittal forms, posting accounting differences and reclassifications as they are encountered and incorporated into the other forms. Form 050 should also be used as a final check to ensure that once completed, the transmittal forms are in balance with each other and the financial statements.

The reconciliation is divided into two parts. The upper portion shows reclassification of individual funds as reported in the audited financial statements into comparative reporting categories. The lower portion shows the effects of joint activity/element adjustments and accounting principle differences.

Instructions

The procedures below describe the preparation of the reconciliation. These procedures should be followed for revenues (page 1) and expenditures (page 2).

1. Enter total revenues (expenditures) reported in the Annual Financial Report for each fund type in the "Per Financial Statements" column of Form 050. Enter other financing sources and uses on the lines provided. **Do not include transfers.** Interfund transfers are already linked to various transfers from other forms and will be entered electronically. Include ALL funds reported in the Annual Financial Report, including those presented as discrete component units. It may be helpful to list each fund separately in this step.
2. Spread totals to the appropriate comparative report classifications in the columns to the right. It is important to note that the financial statement classifications and comparative report classifications may differ. Common differences include:
 - a. Capital project or debt service expenditures may be made from the General or Special Revenue Fund in the Annual Financial Report. These expenditures should be listed in the Capital Project or Debt Service column for comparative reporting. Refer to instructions for General Government Capital Projects (Form 300) and General Government Debt Service (Form 400) in separate sections of this Chapter for additional guidance in classifying these expenditures.
 - b. Some activities treated as enterprise funds for financial reporting may be considered General Government activities for comparative reporting. The reverse may also be true. Refer to Enterprise Activities (Form 600, Section 4.12) for additional guidance in classifying activities.
 - c. Certain activities or funds reported in the local government's Annual Financial Report may be excluded from comparative reporting. These consist primarily of activities or funds of a fiduciary nature, such as cemetery trusts, funds held as an agent for others, and pension trust funds. These funds should be entered in the "Not Applicable" column.

Adjustments

Joint Activities/Elements

3. Post the effect of each joint activity's allocated revenues (expenditures) from Form 110 (O&M); Form 120 (O&M); and from Form 310 (capital projects) in the appropriate column. The amounts posted should be taken from those forms as follows:

<u>FORM</u>	<u>Revenues</u>	<u>Expenditures</u>
110	Line 2.99	Line 4.99
120	Line 2.99	Line 4.99
310	Line 2.99	Line 3.10

Additional instructions for the preparation and use of these forms are included at Section 4.4 (Form 110), Section 4.5 (Form 120); and Section 4.9 (Form 310).

Accounting Differences

4. Post adjustments to eliminate transfers between the primary government (Locality) and the discretely presented component units (School Board and others). GASB requires governments to report transfers of resources between the local government and their component units as revenues and expenditures in the financial statements. On Form 050, an adjustment is needed to remove the effect of this transfer on the revenue and expenditure totals.
5. Post adjustments for reclassification of recovered costs. Recovered costs are normally classified as a revenue source in the financial statements, but are considered a reduction of General Government expenditures for comparative reporting. The adjustment posted in this step should reduce revenues and expenditures by the amount of recovered costs.
6. Post the adjustment for tax relief programs for the elderly and handicapped, if applicable. Tax revenues under such programs are normally reported net of adjustments and abatements in the financial statements. For comparative reporting these revenues should be reported at the gross levy value, with an "expenditure" reflected for the amount of the relief.

Reconciliation to Other Forms

The following totals are reconciled automatically through the Verification Report process.

Revenues (Page 1)

1. Total General Government Operations and Maintenance MUST agree to the Total General Government Funds Available reported on Form 700, Line 4.00.
2. Total General Government Capital Projects MUST agree to the Total Sources of Capital Funds reported on Form 300, Line 9.00.
3. Total General Government Debt Service MUST agree to the Total Sources of Debt Service Funds reported on Form 400, Line 4.00.
4. Total Enterprise Activity MUST agree to Operating Revenue from Direct Charges and Contributions reported on Form 600, Line 1.99.

Expenditures (Page 2)

5. Total General Government Expenditures MUST agree to Total General Government Expenditures, Transfers and Contributions reported on Form 700, Line 7.00.

6. Total General Government Capital Projects MUST agree to Total Application of Capital Project Funds on Form 300, Line 13.00.
7. Total General Government Debt Service MUST agree to Total Application of Debt Service Funds reported on Form 400, Line 9.00.
8. Total Enterprise Activity MUST agree to Total Expenses reported on form 600, Line 2.99.

4.15 Review and Verification Forms

The transmittal file includes several forms that include tools for detecting possible misclassifications and ensuring the forms are in balance. The **Self Review, Analytical Review, Edit Check, and Verification forms** are sheets within the workbook. These sheets compare certain data between the transmittal forms, analyze data relationships, flag classifications of locality specific information, and highlight significant variances in line items between years. These additional forms are described below.

Local Review Worksheet

This form includes information specific to the locality. The Auditor of Public Accounts accumulates locality specific information from various sources, including: annual locality survey; Tax Rate data published by the Weldon Cooper Center for Public Service; the State Compensation Board; and prior year's transmittal forms. The form provides reminder flags to the transmittal preparer for the classification or reporting of certain items that are specific to the locality. They include the following:

- Joint Activities
- Locality Assessed Taxes
- Allocation of the Sheriff's activities
- Proper treatment of recovered costs
- Other expected classifications of data based on local survey responses

You should verify your reporting for the items flagged and provide an explanation for items where you determine that no changes are necessary.

Analytical Review

The Analytical Review Form compares the current year and prior year amounts, calculates the dollar and percentage variances, and highlights significant variances with three asterisks(***). You must include explanations for all highlighted variances prior to submitting the forms. You may enter your explanations directly on the Analysis form or on a separate note sheet. Explanations should clarify the reason for the change beyond just the obvious increase or decrease from the prior year.

If the analytical review provides information on misclassifications or errors in the reported amounts, corrections should be made on the applicable form prior to submission.

The Agreed-Upon procedures for the transmittal forms require auditors to review the forms for significant differences with the prior year forms. The Analysis report provides an automated means for performing this comparison.

Edit Checks

The Edit Checks form provides a test for proper classification for certain reported items. The Edit Check sheet analyzes certain data relationships and notes any errors. For example when expenditures are reported for the constitutional officers, the reimbursement from the state for shared expenses should be reported on the same line. If a shared expense is not reported, the Edit Checks Form will show an error for that particular edit check.

You should resolve all errors on the Edits report before submitting it to the Auditor of Public Accounts. If you have an error message, go to the form and line numbers indicated an attempt to resolve the difference. The Edits report will produce a message indicating “THE EDIT CHECK REPORT IS COMPLETE” when all exceptions are resolved. If errors are noted which you believe are not actual errors, write a note to the right of the edit check on the form before submitting.

The Agreed-Upon procedures for the transmittal forms require auditors to review the Edit Report to ensure all errors are resolved or explained.

Verification

The Verify form ensures all forms are in balance by comparing certain data between forms and computing differences. **You must resolve all errors on the Verify report before submitting it to the Auditor of Public Accounts.** If you have an error message, go to the form and line numbers indicated and resolve the difference. The Verify report will produce a message indicating “THE VERIFICATION IS COMPLETE” when all transmittal forms are properly balanced.

The Agreed-Upon procedures for the transmittal forms require auditors to review the Verify Report to ensure the transmittal forms are in balance.

4.16 The Auditor’s Review

For the Comparative Report, financial data must be summarized in accordance with the uniform chart of accounts described in Chapter 3 of this manual. To help assure accuracy and reliability, each set of transmittal forms must be accompanied by a signed Auditor’s Report on Applying Agreed-Upon Procedures. This report gives assurance that the transmittal forms have been prepared in conformance with the Auditor of Public Accounts’ requirements for reporting comparative financial data in all material respects. This section describes the required review procedures and provides a sample report that will be submitted with the completed forms.

The auditor will have one of two roles:

1. Review transmittal forms and supporting work papers prepared by the locality; **or**
2. Prepare transmittal forms and supporting work papers for the locality.

Regardless of their role, during the audit, the auditor must document the procedures required by this section and provide a report on these procedures to accompany the transmittal forms submitted to this office.

Agreed Upon Procedures

The following procedures are required for the review of the transmittal forms by the auditor. Documentation of these procedures should exist in the form of review programs, working papers, reconciliations, and management representations or confirmations. Each of the agreed upon procedures reported on by the auditor are discussed below.

- A) We reviewed the requirements for the completion of the forms as set forth in the Uniform Financial Reporting Manual (the Manual), and identified differences between the County/City/Town's accounting policies and the requirements of the Manual. We found that the forms comply with the requirements of the Manual.

This procedure requires the auditor to gain an understanding of the comparative reporting requirements of this Manual and the differences between those requirements and the local government's accounting policies for general purpose financial reporting. Implicit in the requirement is the expectation that where differences exist, the auditor will review the transmittal forms to determine that the requirements of this Manual have been followed in preparing the forms.

An understanding of the requirements for completing forms can be obtained from a review of Chapter 4, which discusses each of the forms in detail, and includes a discussion of the differences between the requirements for comparative reporting and Annual Financial Reporting.

The auditor should also review the classifications of funds, revenues and expenditures contained in Chapter 3, Uniform System of Accounts. Local governments using a chart of accounts other than the one presented in Chapter 3, are required to have a crosswalk between the two. This crosswalk should be used to identify differences between comparative and external financial reporting.

- B) We reconciled the information contained on Form 050 to the *County/City/Town's* Annual Financial Report and reviewed the reconciling items for compliance with the requirements of the Manual. We found no exceptions as a result of this comparison.

Form 050, Financial Statement/Transmittal Reconciliation Form, and the understanding gained in procedure (A), above, provide the focus for this procedure. Form 050 summarizes differences between the financial statements and the transmittal forms and should be reviewed carefully by the auditor. Reconciling items reported on Form 050 should be reviewed for compliance with the requirements of this manual.

In performing this procedure, the auditor should be particularly concerned with the appropriate classification of funds and activities (for example, classification of enterprise vs. general government activities, or O&M capital outlays vs. Capital Projects Activities), and the inclusion of joint activities and elements (regional libraries, jails, community service boards, etc.). Also, the allocations of certain revenues and expenditures among activities (for instance, allocation of revenues and expenditures for internal services and the Sheriff), and the classification of categorical state and federal revenues and charges for services by related expenditure function should be reviewed.

- C) We reviewed comments made by the Auditor of Public Accounts during the desk review of the *County/City/Town's* forms submitted in the prior year, and tested the current year forms for incorporation of these comments. We found that all prior year comments were properly resolved.

Each year, transmittal forms submitted to the Auditor of Public Accounts are subject to review prior to the compilation of the Comparative Report. Findings resulting from this review are communicated to the local government and their auditor. These comments most often relate to the appropriate classification of funds, revenues or expenditures or to the inclusion of joint elements or activities. These findings are also included in the subsequent year's transmittal file. The auditor should review these findings in the subsequent year to determine whether appropriate adjustments have been made to the current year's transmittal forms.

- D) We reviewed the Verify Report and found that all cross-references between forms were proper. We also reviewed the Edit Report and found that all errors had been properly resolved or explained to the APA.

This procedure requires the auditor to review the verification report and ensure no errors are reported. Also, the auditor is required to review the Edit Report and ensure that errors are either resolved explained.

- E) We compared the current and prior year forms and investigated significant differences or changes. We found that none of the differences or changes resulted from improper classifications or omissions from the forms.

This procedure requires the auditor to review the completed forms for consistency with the prior year transmittal forms. This review should include the following:

1. Compare the current and prior year Form 050 for consistency of reconciling items in the "Adjustments" section. The auditor should investigate unusual or unexplained differences.
2. Scan other forms for significant or unexplained differences or changes from the prior year. Such changes may indicate improper classifications or omissions from the forms.
3. Examine the Analytical Review Form for unreasonable differences or explanations.

As Needed:

- F) We reviewed joint activity Forms (*Forms 110 and/or 310*) prepared by other local governments, authorities or auditors for reasonableness. We found no exceptions as a result of this procedure.

--or--

We prepared the joint activity Form (*Form 110 and/or 310*) for *[SPECIFY NAME OF JOINT ACTIVITY]* from the activity's audited financial statements. Those financial statements were audited by other auditors whose report has been furnished to us. We found that the form we prepared complies with the requirements set forth in the Uniform Financial Reporting Manual; however, we make no representations about the accuracy of the financial information on that form.

Local governments serving as fiscal agents should send completed Form 110, 120, and 310 to each participating government so the activity can be included in the transmittal forms. In activities where the entity acts as its own fiscal agent, the participating localities may have to prepare the Joint Activity Form from the entity's audited financial statements. This additional agreed-upon procedure limits the auditor's responsibility in instances where he must prepare the Joint Activity Form using reports of other auditors.

The following [sample report](http://www.apa.virginia.gov/APA_Reports/guidelines.aspx) is located on the APA website, *Annual Guidelines, Manuals, and Other Procedural Documents*, at http://www.apa.virginia.gov/APA_Reports/guidelines.aspx

**Sample Auditor's Report on the
Application of Agreed-Upon Procedures**

Governing Body

Auditor of Public Accounts

Independent Auditor's Report on Applying Agreed-Upon Procedures

We have performed the procedures enumerated below, which were agreed to by the Auditor of Public Accounts and the *NAME OF LOCALITY*, on the accompanying Comparative Report Transmittal Forms in compliance with the requirements of the Uniform Financial Reporting Manual for the year ended June 30, *year*. The *NAME OF LOCALITY* is responsible for the Comparative Report Transmittal Forms. The sufficiency of these procedures is solely the responsibility of the specified parties of the report. Consequently, we make no representations regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

- A. We reviewed the requirements for the completion of the forms as set forth in the Uniform Financial Reporting Manual (the Manual), and identified differences between the County/City/Town's accounting policies and the requirements of the Manual. We found that the forms comply with the requirements of the Manual.
- B. We reconciled the information contained on Form 050 to the County/City/Town's Annual Financial Report and reviewed reconciling items for compliance with the requirements of the Manual. We found no exceptions as a result of this comparison.
- C. We reviewed comments made by the Auditor of Public Accounts during the desk review of the County/City/Town's forms submitted in the prior year, and tested the current year forms for incorporation of these comments. We found that all prior year comments were properly resolved.
- D. We reviewed the Verify Report and found that all cross-references between forms were proper. We also reviewed the Edit Report and found that all errors had been properly resolved or explained to the APA.
- E. We compared the current and prior year forms and investigated significant differences or changes. We found that none of the differences or changes resulted from improper classifications or omissions from the forms.

As Needed

- F. We reviewed joint activity forms (Forms 110 and 310) prepared by other local governments, authorities or auditors for reasonableness. We found no exceptions as a result of this procedure.

-- or --

We prepared the joint activity form (Form 110 or 310) for [SPECIFY NAME OF JOINT ACTIVITY] from the activity's audited financial statements. Those financial statements were audited by other auditors whose report has been furnished to us. We found that the form we prepared complies with the requirements set forth in the Uniform Financial Reporting Manual; however, we make no representations about the accuracy of the financial information on that form.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards for attestation engagements contained in Government Auditing Standards, issued by the Comptroller General of the United States. We were not engaged to, and did not, conduct an examination or review, the objective of which would be the expression of an opinion or conclusion on management's assertion. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the Auditor of Public Accounts and the *NAME OF LOCALITY*, and is not intended to be, and should not be, used by anyone other than those specified parties. However, this report is a matter of public record and its distribution is not limited.

Signature

Date

NOTE 1: This sample report assumes that either the auditor identified no matters during the review of the transmittal forms that caused him/her to believe that the forms should be adjusted, or that all such adjustments have been made. In instances where the auditor believes, based on the review that the forms should be adjusted to conform to the requirements of the UFRM, and such adjustments have not been made to the forms submitted, the auditor should include his findings after the related audit procedure.

NOTE 2: Generally the government responsible for maintaining the accounting records for the joint operation is responsible for preparing the Form 110 and mailing it to all participating governments. As a result, Procedure F only applies when you are auditing a locality that does not keep the accounting records for the joint activity.

UNIFORM FINANCIAL REPORTING MANUAL
CHAPTER 5
Comparative Report

5.1 Introduction

The *Comparative Report of Local Government Revenues and Expenditures* presents uniform financial data on counties, cities and towns in Virginia in an understandable and useful manner. The definition of "understandable and useful" is to some degree a function of the users of the information. This report is directed primarily at three groups of users: the public, governing bodies, and research groups. Information in the report provides data that will assist decision makers in their analysis of local government operations. The report cannot answer all questions that might be raised in an analytical process. However, by broadening the understanding of local government revenues and expenditures, both collectively and individually, it directs attention to areas deserving further analysis and review.

The *Comparative Report* focuses on revenues and expenditures for general government operations. A key attribute of this report is the identification of total expenditures for various general government functions and activities made for the benefit of the locality's citizens. In addition, the report identifies direct federal, state and local revenues which support the functions and activities.

While there are similarities between data in the *Comparative Report* and the audited annual financial statements of Virginia local governments, there are four characteristics that cause differences:

1. The data in the *Comparative Report* is classified under a uniform system of accounts. These rules are in accordance with uniform interpretations of generally accepted accounting principles (GAAP). The actual accounting in an individual government, however, may follow different interpretations.
2. The exhibits in the *Comparative Report* reflect the revenues and expenditures that are for the benefit of the citizens in the reporting locality. Where joint operations between local governments exist or services are provided by one local government for another governmental entity, adjustments are made to identify revenues and expenditures benefiting each locality. Notation is made on the exhibits when these adjustments are not possible.
3. Four local government reporting classifications have been established: GENERAL GOVERNMENT, CAPITAL PROJECTS, DEBT SERVICE and ENTERPRISE ACTIVITIES. In actuality, a local government may have a number of funds for legal and managerial purposes. Because the funds established by the local government must be combined, consolidated or reclassified to report on the four local government classifications listed above, the presentation in the *Comparative Report* may not readily relate to that

in the local government's fund structure. As a general rule, Trust and Agency Funds in a local government are not included in this report.

4. In several instances, the *Comparative Report* includes data on expenditures made by the Commonwealth for the direct benefit of a local government. These "Payments on Behalf" do not flow through the local government's accounts. In the exhibits, this data is segregated from revenues and expenditures accounted for at the local level. Supplementing the locally provided data with this state-generated information presents a more complete picture of the revenues and expenditures relative to a particular activity.

The *Comparative Report* includes the summary level exhibits only. These exhibits are presented to limit the size of the report and provide only the information required by a majority of users. The more detailed supporting data on expenditures and enterprises is available through the Auditor of Public Accounts. The exhibits included in the published *Comparative Report* are:

General Government	Exhibit A
Local Revenues	Exhibit B
Inter-Governmental Revenues	Exhibit B-1
Local Revenue - Other Local Taxes	Exhibit B-2
Summary of Maintenance and Operations Expenditures	Exhibit C
Function Expenditures by Activity	Exhibits C-1 through C-8
Capital Projects for General Government	Exhibit D
Debt Service for General Government	Exhibit E
Summary of Enterprise Activities	Exhibit F
Summary of Outstanding Debt	Exhibit G
Demographic and Tax Data	Exhibit H

The Auditor of Public Accounts only publishes an electronic copy of the report at the Local Government section of our [website](#). The current and prior years Comparative Reports are located at http://www.apa.virginia.gov/APA_Reports/Comparative_Reports.aspx. The electronic Comparative Report is amended when any local governments previously excluded submit their transmittal data for the given year. While a printed report will no longer be published, the Auditor of Public Accounts provides an alternative, "modified" electronic version of the report on our website, which has been formatted for printing.

Additionally, upon request the Auditor of Public Accounts will provide the final local government transmittal files via a compact disk or through other electronic methods (i.e.: APA file transfer). This detail allows users to further analyze the local governments' fiscal activities.

The remainder of this chapter discusses information provided in each exhibit of the *Comparative Report*. Also provided are illustrative examples of the "Notes to the Comparative Report."

5.2 **Exhibit A - General Government**

Exhibit A presents a summary overview of the operations of general government. It shows the amount, amount per capita, and percent of total general government revenues from each of the following sources: local, state, federal and non-revenue sources. The exhibit identifies the uses of general government revenues during the reporting period for maintenance and operations, transfers to general government, capital projects and debt service activities, and transfers and contributions to enterprise activities for capital project and/or operational support. Detail reports on capital projects, debt service, and enterprise activities are reflected on Exhibits D, E, and F, respectively.

Below are explanations for columns specific to Exhibit A. These notes are included in the Report in Note 2 - Definitions of Key Terms.

Local Revenue - Total revenue received by general government from local sources. Local revenue is reported in detail by major and some minor sources on Exhibit B.

Revenue from the Commonwealth - Total revenue received by general government from the Commonwealth. This does not include federal funds originally received by the Commonwealth which are reported as federal "pass-thru", nor does it include revenue specifically designated by the Commonwealth for capital projects, which is reported on Exhibit D. Revenue from the Commonwealth is detailed by major sources on Exhibit B-1.

Revenue from the Federal Government - Total revenue received by general government from federal sources. This revenue has been classified as federal "pass thru" (revenue of federal origin received from the Commonwealth) and Direct Federal Aid (revenue received directly from the federal government). Revenue from the federal government is detailed by major sources on Exhibit B-1.

Percent of Revenue - The percentage of the revenue type to total revenue.

Total Revenue - Total revenue received by the local government except revenue received specifically designated for capital projects, debt service, and enterprise activities, which is reported on Exhibits D, E, and F, respectively.

Non-Revenue Receipts - Collections that are not anticipated for support of normal operations, including funds received from the sale of land and buildings and insurance recoveries. These receipts tend to be non-recurring in nature.

Transfers from Other Funds - Transfers from capital projects, debt service, or enterprise activities to general governments.

Maintenance and Operation Expenditures - Summary total of expenditures for the operation of general government. These expenditures are detailed by function (for example, Public Safety) on Exhibit C and by activity (for example, Law Enforcement and Traffic Control) on Exhibits C-1 through C-8.

Per Capita - This amount is calculated by dividing the applicable amount for each locality by the population for that locality. Per capita amounts are presented to enhance analysis of the report by providing an indication of the cost of providing services per resident. The county per capita amounts use their total population that includes towns. Counties provide certain services for the towns within their boundaries and some towns provide services separate from their county. This report does not separately identify the per capita amounts for those applicable services.

In addition, the report includes an average per capita for all counties, cities, and towns, respectively. The total per capita represents the division of the total amount of all cities, counties, and towns by the total populations for all cities, counties, and towns, respectively. For certain activities, in which the majority of towns have no expenditures, average per capita has been computed using total population of only those towns with expenditures in the activity. Such averages are highlighted (*) in the exhibit.

Percent of Average - Refers to the percent of average per capita. The individual per capita amount for a city, county or town is divided by the average per capita of all cities, counties, or towns, respectively.

Transfers and Contributions - Payments made by general government to support or subsidize capital projects, debt service, or enterprise activities. Enterprise activity transfers and contributions may include transfers to enterprise funds, contributions to authorities, and contributions to the enterprise activities of other local governments.

5.3 **Exhibit B - Local Revenue**

Exhibit B provides detail by major source of general government revenues from local sources. Major sources are identified as General Property Taxes; Other Local Taxes; Permits, Privilege Fees and Regulatory Licenses; Fines and Forfeitures; Charges for Services; Revenues from Use

of Money and Property; and Miscellaneous. Per capita data and percentage of total local revenue is presented for each major source.

Below are explanations for columns specific to Exhibit B. These notes are included in the Report in Note 2 - Definitions of Key Terms.

General Property Taxes:

Real Property - Includes revenue from current and delinquent real property and land redemptions.

Public Service Corporations - Includes current and delinquent real and personal property taxes on public service corporations.

Personal Property - Includes current and delinquent taxes on personal property and mobile homes. It does not include the Commonwealth's reimbursement to local governments for personal property tax relief. The Commonwealth's reimbursement is reported as Inter-Governmental Revenue, Non-categorical Aid on Exhibit B-1.

Machinery and Tools - Current and delinquent taxes on machinery and tools.

Merchants' Capital - Current and delinquent taxes on merchants' capital.

Penalties and Interest - Penalties and interest collected on all property taxes.

Other Local Taxes - Includes the total for the taxes detailed in Exhibit B-2.

Permits, Privilege Fees and Regulatory Licenses - Includes revenues from animal licenses; bicycle licenses; and building, electrical, and other similar permits.

Fines and Forfeitures - Includes revenue received by the local government from court fines and forfeitures and parking fines.

Charges for Services – Includes fees charged for various government operations. Examples include charges for Sanitation and Waste Removal - Waste Collection and Disposal Charges and charges for Parks and Recreation - Recreation fees. Charges for Services are structured so they can be reflected on Exhibits C-1 through C-8 of this report on the same line as the expenditure activity which generated the revenue. For example, recreation fees are reported with expenditures for Parks and Recreation.

Revenue from Use of Money and Property:

Interest - Interest on investments received by general government. It does not include interest credited to capital projects, debt service, and enterprise funds, which is reported on Exhibits D, E, and F, respectively.

Use of Property - Income from general property rentals, concession rentals and commissions.

Miscellaneous - Includes payments in lieu of taxes from enterprise activities and other localities and authorities, annexation payments for loss of net tax revenue, gifts, and donations from private sources. Miscellaneous revenue also includes income from the sale of property if the type of sale is of a recurring nature.

Percent - The percentage of the revenue type to total local revenues.

5.4 **EXHIBIT B-1 - INTER-GOVERNMENTAL REVENUE**

Exhibit B-1 provides details of the major sources of funds received by a locality from the state and federal governments. The state sources of funds are separately reported as payments in lieu of taxes, non-categorical state aid, shared expenses (categorical) and categorical state aid. Federal "pass-thru" money is reported under revenue from the federal government. The federal sources of funds are separately reported as payments in lieu of taxes, non-categorical federal aid, and categorical federal aid. Expenditures made on behalf of local governments by the Commonwealth are presented in memorandum form for additional analysis.

Below are explanations for columns specific to Exhibit B-1. These notes are included in the Report in Note 2 - Definitions of Key Terms.

Payments in Lieu of Taxes - Revenue received from the state or federal government in lieu of property taxes for services such as police and fire protection.

Non-categorical Aid - Revenue received by the local government from the state or federal government that may be spent at the local government's discretion. Non-categorical aid from the state includes communication sales and use taxes, motor vehicle carriers' taxes, mobile home titling taxes, personal property tax reimbursement, tax on deeds (grantor tax), state law enforcement assistance to the localities with police departments, and the recovery of indirect costs. Non-categorical aid from the federal government includes Community Development Block Grants and indirect costs recoveries.

Categorical Aid - Revenue received from the state or federal government designated for specific use by the local government. Examples of state categorical aid are Basic School Aid funds and the state's share of public assistance payments. An example of federal categorical aid is impacted area aid grants that are to be used for Education.

Shared Expenses (Categorical) - Revenue received from the state for its share of expenditures in activities that are considered to be a state/local responsibility. Sources include the state's share of Commonwealth's Attorney, Sheriff, Commissioner of the Revenue, Treasurer, Medical Examiner, and Registrar/Electoral Board expenditures.

Expenditures Made on Behalf of the Local Government - Represent funds spent directly by the state that do not flow through the local government's accounting records. Examples include payments for Temporary Assistance to Needy Families and State Maintenance of Local Highways.

5.5 **EXHIBIT B-2 - LOCAL REVENUE**

Exhibit B-2 details the local taxes other than general property taxes. Other local taxes include the following:

Local Sales and Use Taxes - Includes revenue received from local sales taxes. All counties and cities assess an optional one percent local tax in addition to state sales tax.

Consumer Utility Taxes - Includes taxes on telephone, gas, water, and electric services. Utility companies add this tax to their bills, and remit the tax to the local government when received.

Business License Taxes - Includes license taxes on businesses, professions, and occupations. Local governments that do not levy a merchants' capital tax may impose a local license tax on businesses, occupations and professions operating within their jurisdiction.

Franchise License Taxes - Includes license taxes collected from public service corporations. Unlike the consumer utility tax which is paid by individuals, this tax is paid by utility and cable television companies based on a percentage of their gross receipts.

Motor Vehicle License Taxes - Includes license taxes paid on motor vehicles, including automobiles, motorcycles, trucks, trailers, and semi-trailers.

Bank Stock Taxes - Includes local revenues derived from bank stock taxes. Banks pay a tax based on their net capital.

Recordation and Will Taxes - Includes local revenues collected by the Clerk of the Circuit Court for the recording of deeds, deeds of trust, mortgages, leases, and contracts. Also includes the local tax on the probate of wills and grants of administration. The state tax on deeds, one-half of which is shared with localities, is reported as Non-Categorical State Aid on Exhibit B-1.

Tobacco Taxes - Includes taxes on the sale or use of cigarettes. Retailers add a flat fee onto the price of each pack of cigarettes before they are sold.

Admission Taxes - Includes taxes assessed on events that charge admissions, such as sporting events, museums, zoos, amusement parks, etc.

Hotel and Motel Room Taxes - Includes taxes paid on hotel and motel rooms, boarding houses, travel campgrounds, and other facilities that provide lodging for less than thirty days. Also referred to as the Transient Occupancy Tax.

Restaurant Food Taxes - Includes taxes levied on food and beverages offered for human consumption. Also referred to as Meal Taxes or Prepared Food Taxes.

Coal Taxes - Includes coal, oil and gas severance taxes. Also includes license taxes assessed on businesses that remove coal, oil and gas that are paid into a special fund for the improvement of certain public roads and those paid to the Coalfield Economic Development Authority.

Other Local Taxes - Includes various other local taxes authorized by the Code of Virginia, including Fuel Taxes.

5.6 **EXHIBIT C - SUMMARY OF MAINTENANCE AND OPERATION EXPENDITURES - BY FUNCTION**

Exhibit C displays the portion of general government operational costs that are expended to provide services in each of the following functions:

- | | |
|-------------------------------------|-----------------------------------|
| - General Government Administration | - Education |
| - Judicial Administration | - Parks, Recreation, and Cultural |
| - Public Safety | - Community Development |
| - Public Works | - Nondepartmental |
| - Health and Human Services | |

Per capita and percent of average per capita data are presented for each of the above functions.

Below are explanations for columns specific to Exhibit C. These notes are included in the Report in Note 2 - Definitions of Key Terms.

Function - A group of related activities aimed at accomplishing a major service or regulatory program for which a locality is responsible. Examples of functions are Judicial Administration, Public Safety, and Health and Human Services. There are eight functions and the expenditures of the activities within each function are detailed on Exhibits C-1 through C-8.

Nondepartmental - Expenditures made by general government that are not specifically related to a particular function. Examples include costs incurred in annexation proceedings, donations to towns not designated for a specific purpose, and settlements made in tort claims settled out of court.

Percent of Average - Refers to the percent of a locality's per capita expenditures to the average per capita for all cities, counties, or towns as applicable. This calculation is more fully described under the heading of "Exhibit A" of these notes.

5.7 **EXHIBIT C-1 THROUGH C-8- FUNCTION EXPENDITURES BY ACTIVITY**

Separate exhibits are presented for each function reflected on Exhibit C, except for the nondepartmental function. The left side of each exhibit lists total expenditures for each activity within the general government function. Similar to Exhibit C, per capita and percent of average per capita are presented for each activity. The right side of each exhibit provides information on sources of revenue that relate directly to the function expenditures.

The report headings in these Exhibits disclose each activity for the functions being reported on Exhibit C. For example, within the General Government Administration function, legislative and general and financial administrative activities are detailed in Exhibit C-1. There are eight Exhibits, one for each function reflected on Exhibit C.

Separately shown within certain activities are the expenditures of the elements (departments) of local government for additional analytical purposes. These amounts are included in total activity expenditures. For example, within the activity General and Financial Administration, the elements Treasurer, Commissioner of the Revenue, Data Processing, Automotive Motor Pool, Central Purchasing/Central Stores, and Print Shop are highlighted.

Below are explanations for columns specific to Exhibits C-1 through C-8. These notes are included in the Report in Note 2 - Definitions of Key Terms.

Sources of Funds for Expenditures - Sources of funds for expenditures are not intended to equal total expenditures. Sources may exceed or be less than expenditures. The percent of expenditures is the percentage of each source to total expenditures of the function.

Commonwealth Categorical Aid - The amount of state aid or shared expenses received specifically for the function.

Federal Categorical Aid - The amount of federal categorical aid received specifically for the function. Federal "pass-thru" aid that the state distributes to the local government is reported separately from direct federal aid that the locality receives directly from the federal government.

Local Charges for Services - The amount of user charges for services provided by the function. These charges may be part of required local matching for state and federal grant programs.

Expenditures Made on Behalf of the Local Government - The amount of state expenditures made on behalf of the reporting local government for the function. State expenditures on behalf of local governments are included on Exhibits C-4, C-5 and C-6 as follows:

- C-4 Expenditures by the state Department of Transportation for maintenance of streets, roads and bridges
- C-5 Expenditures by the state Department of Health for the operation of the local health departments and by the state Department of Social Services from state and federal funds for assistance to needy families and for fuel assistance
- C-6 Expenditures by the state Department of Education for the education of children in mental health institutions

5.8 **EXHIBIT D - CAPITAL PROJECTS FOR GENERAL GOVERNMENT**

Exhibit D provides a summary of the sources of funds and expenditures for all capital projects except those for enterprise type activities. Sources of funds can be separated into three main categories - direct sources, transfers from general government, and funds from other local governments. Direct sources include state/federal grants, sale of property, debt proceeds, and interest income. For reporting purposes, none of these sources flow through any other activity in the local government before being recorded in a capital project activity. Funds received from other local governments represent the other government's share of expenditures for the capital projects of the reported government.

Expenditures are segregated into three main categories: specific types of applications, transfers to other funds, and payments to other governments. Education; streets, roads and bridges; and other general government capital projects are the specific types of applications displayed. If the reported locality receives funds from another locality, the applications reflect expenditures that benefit both localities. If the reported locality contributes to another locality for a capital project, such contributions are reflected on this exhibit as "Payments to Other Governments." Expenditures made by the Commonwealth on behalf of a local government are shown as a memo item. Those capital project expenditures do not flow through the reported locality's accounts.

Below are the "Notes to the Comparative Report" that are specific to Exhibit D. The notes below are presented in the Report in Note 2 - Definitions of Key Terms.

Source of Funds:

State and Federal Grants - State and federal grants that have been received specifically for use on general government capital projects except those capital projects related to enterprise activities. These amounts include state and federal categorical grants only. Non-categorical state and federal grants, if any, are included in Transfers from General Government.

Debt Proceeds - Proceeds received from the sale of bonds or other debt intended to finance capital projects.

Interest Income - Revenue from the investment of funds currently held for use on capital projects.

Sale of Property - Funds received from the sale of property and equipment that is recorded directly in the capital projects funds.

Transfers from General Government - General government transfers to capital projects funds.

Payments From Other Governments - Payments from other local governments or authorities for their portion of a locality's capital projects.

Other Sources - Any other source of funds not readily identified in the categories described above.

Application of Funds:

Education - The expenditure of funds for the construction of schools and other education related projects.

Streets, Roads, and Bridges - The expenditure of funds for the construction of streets, roads, and bridges.

Other General Government - The expenditure of funds for the construction of other general government facilities.

Transfers to Other Funds - Funds transferred to the general government or debt service fund, usually when the capital project is completed.

Payments to Other Governments - Funds provided to other local governments or authorities for a portion of their capital projects.

Expenditures Made on Behalf of Local Government - The amount of state expenditures made on behalf of the reporting local government for this function. These expenditures are funded by both state and federal sources. The state/federal funding rates of expenditures by the Department of Transportation for the construction of highways, streets, roads and bridges is approximately XX% state and YY% federal. Information is not available to allocate the funding source between federal and state by locality. Additional expenditures of \$X,XXX,XXX are identified as allocated to Highway Department Districts and are not identified by locality. This data was obtained from the Virginia Department of Transportation and is unaudited. [NOTE: See actual Comparative Report for specific funding rates and expenditure amount for a specific year.]

5.9 **EXHIBIT E - DEBT SERVICE FOR GENERAL GOVERNMENT**

Exhibit E provides the sources and applications of funds for debt service payments, except enterprise activities. Sources of funds for debt service payments include direct sources, transfers from other funds, and funds received from other local governments for their portion of such payments. Direct sources include investment interest income and debt proceeds from a refunding bond issue. Direct sources are not shown as revenue on any other exhibits.

Applications of funds are shown for redemption of debt principal, debt interest costs, and payments to other local governments for a portion of their debt costs. Applications of funds are detailed as to the purpose for which the related debt proceeds were incurred. If the reported locality received funds from other localities for debt service, redemption of debt and debt interest costs reflect expenditures that benefit both localities.

Below are the "Notes to the Comparative Report" that are specific to Exhibit E. The notes below are presented in the Report in Note 2 - Definitions of Key Terms.

Source of Funds: Direct Sources - Funds such as investment interest income and proceeds from the issuance of refunding bonds designated to retire debt and pay debt service costs. These sources are not transferred from any other fund of the local government.

Transfers from Other Funds - Funds transferred from general government and capital project funds for debt service costs. School fund transfers are included as transfers from general government.

From Other Local Governments - Contributions from other local governments or authorities for their portion of debt service.

Application of Funds:

Redemption of Debt - Funds expended to retire outstanding debt principal of the local government, except debt incurred for enterprise activities. The redemption of debt relating

to education and streets, roads, and bridges is separately reported because it is usually a major portion of local government debt costs.

Debt Interest Costs - Funds expended for interest payments on debt incurred by the general government. Does not include debt interest costs for enterprise activity debt.

Payments to Other Local Governments - Payments to other local governments or authorities for a portion of their debt service costs.

5.10 **EXHIBIT F - SUMMARY OF ENTERPRISE ACTIVITIES**

Exhibit F summarizes local government support of enterprise activities. The exhibit shows both the level of local government support for enterprise activities not operated by the locality (i.e., enterprise activities operated by authorities and other local governments) and the revenues, expenses and sources and application of funds for enterprise activities operated by the locality. The following activities are reported separately from General Government and are defined as Enterprise Activities for comparative reporting:

1. Water & Sewer
2. Water
3. Sewer
4. Transportation (including parking lot/garage & expressway)
5. Airports
6. Electricity
7. Nursing Homes
8. Coliseums (including arenas, auditoriums, stadiums, and golf course)
9. Steam Plants
10. Gas
11. Harbors/Ports
12. Hospitals
13. Communications services provided to users for telephone, internet, cable television, and fiber optics.

These activities are reported as enterprise because they are intended to be largely self-supporting. They are not all provided by or used in each locality. Inclusion of these types of activities in General Government would distort the comparative reporting.

These exhibits present the extent to which these "enterprise" activities are supported by user charges as compared with being subsidized by general government revenues. Sources and applications of funds for enterprise capital projects and debt service are presented as memo items on these exhibits.

For separate authorities that are not operated by the locality, only the contributions to the authorities are displayed on this exhibit. The operating revenues and state and federal grants received by authorities are not included although they may significantly benefit a locality.

Below are the "Notes to the Comparative Report" that are specific to Exhibit F. The notes below are presented in the Report in Note 2 - Definitions of Key Terms.

Payments to Enterprise Type Activities - Local government contributions to an enterprise activity organized and operated as an authority and not managed by the locality. Payments are usually from the general fund. Payments to support general operating and interest expenses are reported separately from contributions specified for enterprise activity capital projects.

Payments to Other Local Governments for Enterprise Activities - Local government contributions to enterprise activities operated by other local governments. Payments to support general operating and interest expenses are reported separately from payments and contributions specified for enterprise activity capital projects.

Revenues from Direct Charges and Contributions - Revenues received for enterprise activities operated by the local government.

User Charges - Direct charges to users for services provided by local government enterprise activities. This includes direct charges to users in other localities for services they received.

Net Transfers (To) From General Government Funds - The net balance of transfers (To) and From the general government for enterprise activities operated by the local government. This does not include capital contributions by the local government.

Contributions/Payments in Support of Operating Expenditures - Revenues received from other governments to support the services provided by the locality's enterprise activities (not through direct charges or bills.) These amounts are separated by other local government contributions, direct contributions from the Commonwealth and contributions from the federal government (including federal "pass-thru" dollars.) This does not include contributions for capital projects or capital outlays.

Miscellaneous Revenue - Other revenue received by enterprise activities.

Funds Available for Operations - The total funds available to the locally operated enterprise activities including all direct charges for services, general government subsidies and operating contributions/payments from other governments.

Local Government Enterprise Expenses:

General Operating Expenses - Total direct operating expenses required to provide enterprise activity services. General operating expenses exclude capital asset depreciation, debt interest costs and payments in lieu of taxes. They include the cost of goods sold or services rendered, cost of materials and supplies and all administrative costs.

Depreciation - The portion of the cost of all enterprise activity capital assets charged as depreciation expense in the reported fiscal year.

Debt Interest Expenses - The total interest expense incurred on outstanding debt for enterprise activities, including interest on capital leases.

5.11 EXHIBIT G - SUMMARY OF OUTSTANDING DEBT

Exhibit G presents the balance of all outstanding debt of the reported locality. Debt is reflected according to type as well as purpose for which it is incurred (e.g., education, streets, roads and bridges, other general government, and enterprise activities).

Below are the "Notes to the Comparative Report" that are specific to Exhibit G. The notes below are presented in the Report in Note 2 - Definitions of Key Terms.

Bonds and Bond Issue Anticipation Loans - The gross outstanding balance of term bonds, sinking fund bonds, serial bonds and bond anticipation loans. Bond anticipation loans are issued with the intention of issuing long-term bonds at a later date.

Literary Fund Loans - The gross outstanding balance of loans from the Commonwealth for the construction of schools.

Other Long-term Obligations - The gross outstanding balance of other long-term debt for the reporting local government. This includes notes payable, capital leases, the locality's liability for its early retirement incentive program costs, the locality and school board's net pension liability, the liability associated with closure and post-closure monitoring of solid waste landfills, the balance of annexation settlements and the liability for accrued compensated absences.

Temporary Loans - The gross outstanding balance of debt that has a principal maturity of less than one year. An example would be tax anticipation notes.

Gross Debt by Function - The outstanding balance of indebtedness segregated by the function (purpose) for which the related debt proceeds were expended.

Funds Restricted - Available funds at year end restricted for the payment of indebtedness.

Balance of Net Debt - The total gross debt less the funds restricted at the end of the reported fiscal year. This represents the amount required to fund the outstanding balance of indebtedness of the reporting government.

5.12 **EXHIBIT H - DEMOGRAPHIC AND TAX DATA**

Exhibit H provides additional demographic and tax data obtained from various state and federal reporting entities. The additional variables are presented to assist users in performing analyses of the local government revenues and expenditures. Some of the data presented is for years other than the currently reported fiscal year. The difference in reporting periods is due to the availability and application of the data to the providers.

A brief definition and source reference for each data element are included below. Users should not base conclusions solely on this report's data. Fiscal measures for local governments can vary for many reasons including efficiency of operations, scope and quality of programs, and demographics of populations served.

Source and Definition of Data Elements:

Populations for the cities and counties are from the U.S. Census Bureau population estimates published by University of Virginia Weldon Cooper Center for Public Service. Town populations represent the latest U.S. Census. Town population estimates are not available.

Land Area presented in square miles is from the U.S. Census Bureau.

Population density is population divided by land area.

Unemployment rates are the annual averages on a calendar year basis (not seasonally adjusted). The rates are from the Virginia Labor Market Information data, available at www.VirginiaLMI.com. The source of Virginia LMI's data is derived from the U.S. Bureau of Labor Statistics' (BLS), Local Area Unemployment Statistics. Per BLS, the rate is based on the portion of the civilian labor force that is unemployed. The civilian labor force includes all persons in the civilian non-institutional population classified as either employed or unemployed.

Average Daily Membership (ADM) in Public Schools for the current school year is data that is obtained directly from the Virginia Department of Education. The data includes K-12, special education, and post-graduate membership, but excludes pre-kindergarten and pupils in local programs such as vocational and alternative education centers. Emporia City is included as part of Greenville county. Fairfax City is included as part of Fairfax County. James City County is included as part of Williamsburg City.

Revenue capacity per capita rank scores are from the Commission on Local Government's Report on the *Comparative Revenue Capacity, Revenue Effort, and Fiscal Stress of Virginia's Counties and Cities*, for the most recently reported fiscal year (or most recent report that is available at the time of the comparative report publication). The Commission determines the revenue capacity scores for each locality based on the Representative Tax System methodology. The Commission's report includes actual revenue capacity scores and additional information.

Composite fiscal stress rank scores are from the Commission on Local Government's *Report on the Comparative Revenue Capacity, Revenue Effort, and Fiscal stress of Virginia's Counties and Cities*, for the most recently reported fiscal year (or most recent report that is available at the time of the comparative report publication). The Commission determines a fiscal stress index score for each locality. The fiscal stress index scores are ranked from lowest to highest fiscal stress.

Real estate tax rates are from the latest annual Virginia Local Tax Rates publication, which is prepared by the University of Virginia's Weldon Cooper Center for Public Service. The nominal tax rates levied are per \$100 of assessed real estate value. Other tax rates that may assist in governmental comparisons are available from the Weldon Cooper Center for Public Service.

Real estate taxable valuations for the same tax year as the rates noted above (or calendar year) are obtained from the Department of Taxation's latest Annual Report.

UNIFORM FINANCIAL REPORTING MANUAL
CHAPTER 6
Public Employee Retirement Systems

6.1 Introduction

The Code of Virginia, §51.1-1003, requires each public employee retirement system (PERS) to publish an annual report that contains financial statements prepared in accordance with the standards established by the Governmental Accounting Standards Board (GASB). This section also requires the Auditor of Public Accounts to incorporate these standards into the *Uniform Financial Reporting Manual*. This Chapter contains these standards.

6.2 GASB Statements 67/68 (Pension) and 74/75 (OPEB)

Current accounting and reporting standards are contained in the following standards: GASB Statement No. 67, *Financial Reporting for Pension Plans*, which amends and replaces the requirements of GASB Statement 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and Statement No. 50, *Pension Disclosures*; GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which amends and replaces the requirements of GASB Statement 27, *Accounting for Pensions by State and Local Governmental Employers*, and GASB Statement 50, *Pension Disclosures*, as these standards relate to pension plans that are administered through trusts or equivalent arrangements; GASB Statement 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which replaces Statement 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and Statement 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*; and GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which replaces Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, as amended, and Statement 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in GASB Statement 25, Statement 43, and Statement 50. The specific requirements of these Standards are discussed below.

GASB Statement 67

Highlights for Defined Benefit Plans:

Scope of Statement:

This statement is applicable to defined benefit plans of state and local governmental entities. It applies to pension trust funds included in the reports of plan sponsors or employers, as well as to stand-alone financial reports of pension plans or the public employee retirement systems that administer them. It does not address financial reporting for employers, such as those covered by the Virginia Retirement System. Financial reporting requirements for employers are addressed separately in GASB Statement 68.

Objectives of Statement:

The objectives of the statement are to assist plan members, public officials and other readers in assessing: (1) the stewardship of plan resources and the ongoing ability of the plan to pay pension benefits when due, (2) the effect of plan operations and pension benefit commitments on the need for contributions by plan members, employers, and other contributors, and (3) compliance with finance-related statutory, regulatory, and contractual requirements.

Basis of Accounting: AccrualRequired Financial Statements and Schedules:

Statement of Fiduciary Net Position

Statement of Changes in Fiduciary Net Position

Notes to the Financial Statements

RSI Schedule of Funding Progress and Schedule of Employer Contributions

Notes to the Required Schedules

Valuation of Investments:

Measured at Fair value

Measurement of Aggregate Accrued Liabilities:

The actuarial valuation is prepared using the **entry age normal cost method**. This is the VRS funded method used to determine employer contribution requirements.

GASB Statement 68

In accordance with GASB 68, Local Government employers that prepare annual financial statements must begin reporting the net pension liability (NPL), pension expense (PE), and related deferred outflows and inflows as participants in the Virginia Retirement System (VRS). The pension liabilities and expenses must appear as line items in local governments' financial statements. This GASB 68 information must also be reported for any local government having its own public employee retirement system.

Due to the implementation of GASB 68, extensive note disclosures and RSI are required to be included in the local governments' financial statements. The VRS separately publishes on their Employers website, [Financial Reporting page](#), all applicable information to assist the local government employers in complying with GASB 68 requirements for their financial statements, as it relates to participation in the VRS pension plans. Any local government having its own public employee retirement system should ensure the same GASB 68 reporting and disclosure information is included in its annual report for the local retirement system. This remaining section provides references and links where local governments can access the information necessary to complete their financial statements.

Local Governments should refer to the [Actuarial Reports](#) section of the VRS' Financial Reporting website to access the all-inclusive GASB Statement No. 68 Report(s) for the applicable year. Within this report, you will find employer-specific information for VRS pension plans to be included in your financial statements. The report includes the following detailed information to assist the local governments' financial reporting:

- General Information for GASB 68 presentation
- State, Teacher and VaLORS Cost-Sharing Plans
 - Proportionate Share of Contributions
 - Deferred Inflows and Outflows and Pension Expense
 - Amortization of Deferred Inflows and Outflows
 - Net Pension Liability
- Political Subdivision Plans
 - Deferred Inflows and Outflows and Pension Expense
 - Amortization of Deferred Inflows and Outflows
 - Net Pension Liability
 - Total Pension Liability and Fiduciary Net Position
- Summary of Main Plan Provisions
- Statement of Actuarial Assumptions and Methods

Local Governments should also refer to the *Audit Opinions and Disclosure Guidance* section on the [VRS Guidelines and Resources: Pension](#) website page to access the GASB 68 schedules with audit opinions, sample journal entries, sample note disclosures, and analysis of employer contributions to assist when completing their financial statements.

Additionally, the Auditor of Public Accounts has provided audit opinions over the applicable VRS plan schedules and pension amounts, which can be accessed on the APA website, Local Government page, Pension and OPEB Standards section http://www.apa.virginia.gov/APA_Reports/pension_standards.aspx.

GASB Statement 74

Highlights for Postemployment Benefits Other Than Pensions (OPEB):

Scope of Statement:

This statement is applicable to defined benefit OPEB plans and defined contribution OPEB plans of state and local governmental entities. It applies to OPEB included in the reports of benefit sponsors or employers, as well as to stand-alone financial reports of the OPEBs or the public employee retirement systems that administer them. It does not address financial reporting for employers, such as those covered by the Virginia Retirement System. Financial reporting requirements for employers will be addressed separately in GASB Statement 75.

Objectives of Statement:

The objectives of the statement are to assist plan members, public officials and other readers in assessing: (1) the stewardship of OPEB plan resources and the ongoing ability of the OPEB plan to pay benefits when due, (2) the results of the OPEB plan's fiduciary operations, and (3) compliance with finance-related statutory, regulatory, and contractual requirements.

Basis of Accounting: AccrualRequired Financial Statements and Schedules:

Statement of Fiduciary Net Position

Statement of Changes in Fiduciary Net Position

Notes to Financial Statements

Required Supplementary Information

Notes to Required Schedules

Valuation of Investments:

Measured at Fair value

Measurement of Aggregate Accrued Liabilities:

The total OPEB liability is the portion of the actuarial present value of projected benefit payments that is attributed to past periods of plan member service.

GASB Statement 75

In accordance with GASB 75, Local Government employers that prepare annual financial statements must begin reporting the net OPEB liability, OPEB expense, and related deferred outflows and inflows as participants in the Virginia Retirement System (VRS) and/or other non-VRS OPEB plans. The OPEB liabilities and expenses must appear as line items in local governments' financial statements. This GASB 75 information must also be reported for any local government having its own OPEB or participating in other non-VRS/non-Commonwealth sponsored OPEBs.

Similar to required reporting for GASB 68, the implementation of GASB 75 requires extensive note disclosures and RSI to be included in the local governments' financial statements. The VRS separately publishes on their Employers website, [Financial Reporting page](#), all applicable information to assist the local government employers in complying with GASB 75 requirements for their financial statements, as it relates to participation in the VRS OPEB plans. Any local government having its own OPEB or participating in other non-VRS/non-Commonwealth sponsored OPEBs should ensure the same GASB 75 reporting and disclosure information is included in its annual report for other non-Commonwealth/non-VRS OPEBs. This remaining section provides references and links where local governments can access the information necessary to complete their financial statements.

Local Governments should refer to the [Actuarial Reports](#) section of the VRS' Financial Reporting website to access the all-inclusive GASB Statement No. 75 Report(s) for the applicable year. Within this report, you will find employer-specific information for VRS OPEB plans to be included in your financial statements.

Local Governments should also refer to the *Audit Opinions and Disclosure Guidance* section on the [VRS Guidelines and Resources: OPEB](#) page to access the GASB 75 schedules, sample journal entries, sample note disclosures, and analysis of employer contributions to assist when completing their financial statements, which are listed according to the OPEB plans (HIC, GLI, LODA, etc.).

Additionally, the Auditor of Public Accounts has provided audit opinions over the applicable VRS plan schedules and OPEB amounts, which can be accessed on the APA website, Local Government page, Pension and OPEB Standards section http://www.apa.virginia.gov/APA_Reports/pension_standards.aspx.

6.3 Soft Dollar Transactions

§51.1-1000, Code of Virginia requires public retirement systems to prepare, and make available to the public upon request, a document disclosing material "soft dollar" transactions in which the fund managers have engaged. Soft dollar transactions are defined by the Code as "arrangements not negotiated at arm's length or dealings between the retirement systems' fund managers and persons providing services to the systems for non-cash considerations." For example, a broker may furnish hardware, software, research reports, or consulting services to a fund manager in return for a certain amount of investment volume with that broker. Material transactions are defined as transactions more than \$10,000 where it could be asserted that a conflict of interest or an appearance of impropriety was a factor in making the determination of which provider of services would be contracted.

Soft dollar transaction disclosures may be included in the local government's annual report, or, alternatively, published in a separate disclosure document. There is no prescribed method for reporting these transactions. The following columnar format is offered as one recommendation for this disclosure:

<u>Vendor Name</u>	<u>Description of Goods or Services</u>	<u>Dollar Value of Goods or Services</u>
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